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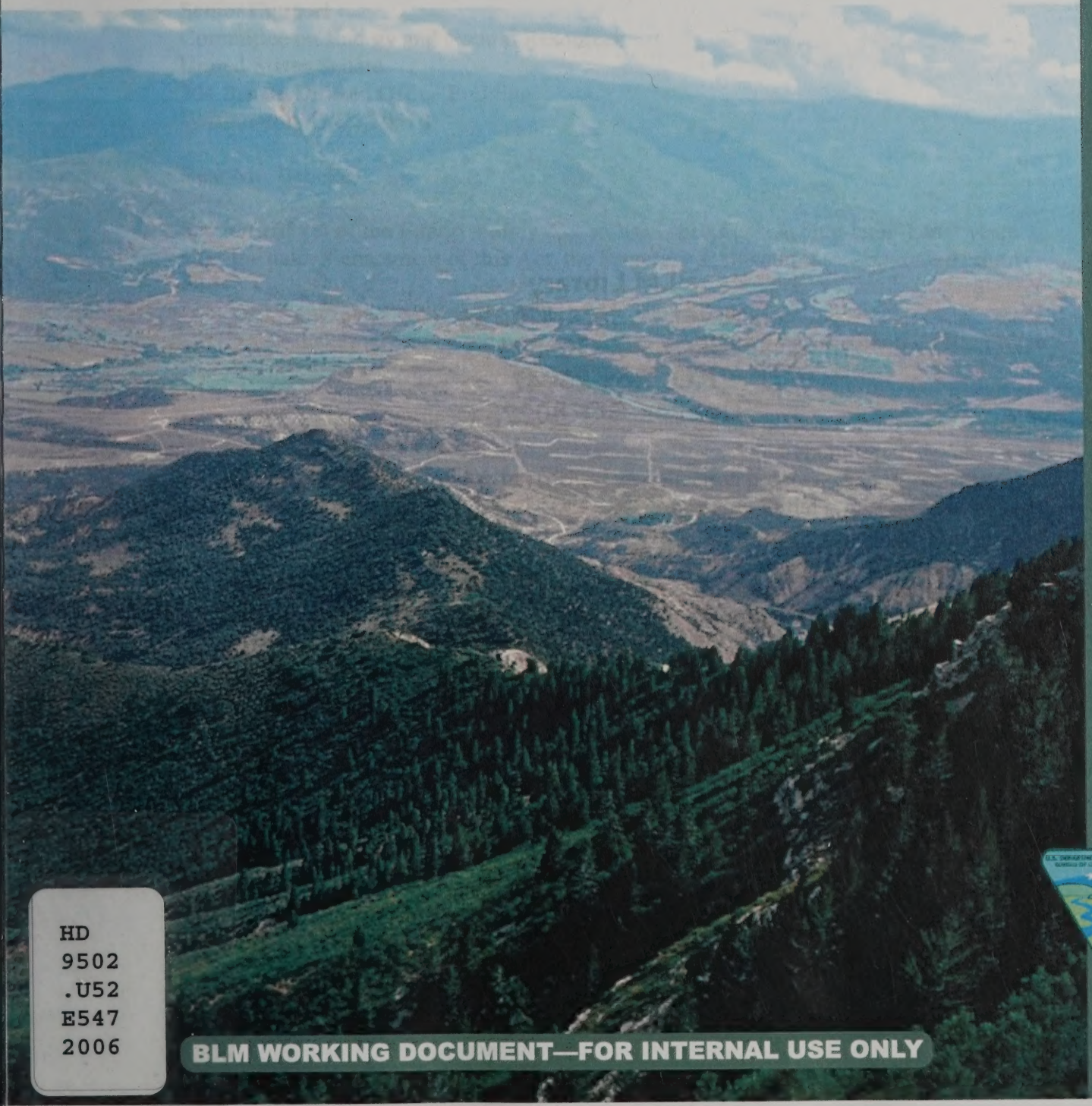
5 of the Energy Policy Act of 2005 Pilot Project to Improve Federal Permit Coordination

Bureau of Land Management

Year One Report



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Cover Photograph: BLM Glenwood Springs Field Office photograph of natural gas development activities occurring in the Grass Mesa area southeast of Rifle, Colorado. Photograph taken by Brian Hopkins.

United States Department of the Interior
BUREAU OF LAND MANAGEMENT
Washington, DC 20240
http://www.blm.gov

TAKE PRIDE IN AMERICA

JAN 29 2007

In Reply Refer To:
3160 (300)

Ms. Patricia Beneke
Senior Counsel
Committee on Energy and Natural Resources
United States Senate
304 Senate Dirksen Office Building
Washington, D.C. 20510

Dear Ms. Beneke:

Section 365 (e) of the Energy Policy Act of 2005 specifies that "not later than 3 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that -

(1) outlines the results of the Pilot Project to date; and
(2) makes a recommendation to the President regarding whether the Pilot Project should be implemented throughout the United States."

In order to establish a solid basis for the completion of a comprehensive 3-year report, the Bureau of Land Management has contracted with Booz-Allen-Hamilton to develop a set of performance measures and to begin the data collection process. The Bureau also asked Booz-Allen-Hamilton to prepare a 1-year report reviewing initial progress. The 1-year report per your request is enclosed.

As you review the report please recognize that much of the data displayed reflects only partial year results. The interagency memorandum of understanding (MOU) required by section 365 was signed on October 24, 2005. The MOU formed the basis for the majority of the implementation actions called for in section 365, including staffing of the Pilot Offices. Many of the new positions reporting to Pilot Offices came on board during February through April of 2006 and employees were required to complete both formal and on-the-job-training. As a result, outputs in the short term were limited by both the staffing timeframes and other initial Pilot Office start-up costs. Therefore, the data related to progress in the 1-year report must be viewed with the understanding effect of these initial year implications.

The 1-year report does reflect progress is being made and establishes the initial framework for continued data collection and analysis regarding Pilot Project progress.

The BLM believes the 1-year report represents a strong first step in meeting 3-year reporting requirements established by section 365.

My staff would be pleased to provide you a briefing on the progress being made and respond to any questions you may have on the enclosed report. Please do not hesitate to contact us if you have questions or need additional information on this very important component of the Energy Policy Act of 2005.

Sincerely,

James M. Hughes
Deputy Director
Programs and Policy

Enclosures

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Section 365 of the Energy Policy Act of 2005

Year One Report

for the

Pilot Project to Improve Federal Permit Coordination

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October 2006

Prepared for:

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240

Prepared by:

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EXECUTIVE SUMMARY

The Year One Report on implementation of Section 365 of the Energy Policy Act of 2005 (the Act) outlines the progress that has been made during the first year following enactment. This is the first of three annual reports, with the third and final report being a Report to Congress as required by the Act. Section 365 directed the Secretary of the Interior to enter into a memorandum of understanding (MOU) with the Department of Agriculture (USDA), the Environmental Protection Agency (EPA), and the Department of the Army (DOA) with the intent to improve the efficiency of oil and gas use authorizations on public land through a federal permit streamlining Pilot Project. The MOU provides the principles and goals for the partner agencies and establishes the roles, responsibilities, and authorities for each of the agencies that will participate in the project. The agencies within the Department of the Interior include: the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (USFWS), the Bureau of Indian Affairs (BIA), the Minerals Management Service (MMS), and the Bureau of Reclamation (BOR). Also included are the Army Corp of Engineers (USACE), the U.S. Forest Service (USFS) in the Department of Agriculture and the EPA. The Pilot Project establishes pilot offices in seven BLM field offices, including Miles City, Montana; Buffalo and Rawlins, Wyoming; Vernal, Utah; Glenwood Springs, Colorado; and Farmington and Carlsbad, New Mexico.

To meet the intent of Section 365 and the MOU, the federal partner agencies determined that initially, approximately 146.5 additional staff would be required to provide the capability necessary to improve the permitting process. Of the 146.5 staff to be placed in the seven pilot offices, 123.5 positions, or 84 percent, have currently been hired and are on board. In addition, state agencies in Colorado, Montana, Wyoming, Utah, and New Mexico have been contacted to determine interest in hiring staff to assist directly with the Pilot Project. Signed agreements to participate in the Pilot Project are in place with the Montana Department of Environmental Quality (DEQ), Montana Department of Fish, Wildlife and Parks (FWP), and the New Mexico Oil Conservation Division (NMOCD).

To measure the success of the pilot offices, 32 measures were identified and a process developed to monitor the measures over the 3-year study period. These measures will be monitored and refined during the study period and will provide the basis for the Report to Congress. To verify the measures and conclude whether they are the right measures to determine success, 2-day site visits were conducted at each of the pilot offices. Interviews during those visits were directed toward gathering data and verifying annual performance statistics for permitting and inspection and enforcement (I&E) activities, progress toward interagency collaboration, gathering information on innovation, and best management practices (BMPs).

During the first year of Section 365 implementation, the Pilot Offices processed 15 percent more applications for permit to drill (APDs) and received 29 percent more than the previous year. In addition, the Offices processed 20 percent more right of way (ROW) applications than the previous year and completed 39 percent more I&E inspections than had been completed in fiscal year (FY) 2004 (I&E inspection data was incomplete for FY 2005).

The business processes and procedures being used by the pilot offices are outlined in the report. These processes include the overall oil and gas use authorization process; the APD process; the National Environmental Policy Act (NEPA) process, including the use of categorical exclusions (CXs); how I&E is being conducted; and land use planning processes.

The report summarizes the innovations undertaken by the pilot offices as they implement the project. Each pilot office has initiated actions that have resulted in improved permit and inspection processes. These actions include improvements to and greater use of comprehensive strategies to more efficiently process permits, improved support for stakeholder responsiveness, greater use of contract services,

development and application of critical information technology (IT), renewed focus on human resources, and improved interagency consultation and coordination. The report describes in detail interagency consultation and cooperation accomplishments to date that have streamlined the oil and gas permitting process. The outreach efforts to inform Industry, stakeholders, and other interests concerning the establishment and progress of the Pilot Project is also discussed.

Congress authorized the federal share of rental revenues to be deposited into a BLM Permit Processing Improvement Fund. Use of these funds has been analyzed in the report. These funds are made available to the Secretary of the Interior starting in FY 2006 through FY 2015 without further appropriation.

In conclusion, the report summarizes the progress that has been made during the first year of implementation and the steps that will be taken in the next year to further implement and measure the success of the Pilot Project.

Table of Contents

EXECUTIVE SUMMARY I
ACRONYM LIST VII

CHAPTER 1 INTRODUCTION 1

CHAPTER 2 BACKGROUND 1
2.1 SECTION 365 OF THE ENERGY POLICY ACT 1

CHAPTER 3 YEAR ONE IMPLEMENTATION FRAMEWORK AND APPROACH 2
3.1 FEDERAL INTERAGENCY MOU OVERVIEW 2
3.2 PARTICIPATING FEDERAL AGENCIES 3
3.2.1 Department of the Interior 3
3.2.2 Department of the Army 5
3.2.3 Department of Agriculture 6
3.2.4 Environmental Protection Agency 7
3.3 STAFFING 7
3.3.1 Federal Agencies 8
3.3.2 BLM 9
3.3.3 State Agencies 11

CHAPTER 4 YEAR ONE METHODOLOGY AND DATA GATHERING 11
4.1 YEAR ONE PROJECT PLAN AND METHODOLOGY 11
4.2 DATA GATHERING SOURCES AND APPROACH 12
4.2.1 Review of BLM Documentation 12
4.2.2 Washington Office Briefings 12
4.2.3 Agency Leadership Visits 12
4.2.4 Senate Hearings 13
4.2.5 Field Office Site Visits 13

CHAPTER 5 BUSINESS PROCESSES AND PROCEDURES 14
5.1 WELL PERMITTING, ROW, AND INSPECTION/COMPLIANCE PROCESSES 14
5.2 LAND USE PLANNING 16
5.3 LEASING 16
5.4 APPLICATIONS FOR PERMIT TO DRILL 16
5.4.1 NEPA 17
5.4.2 Archeological Review 18
5.4.3 Wildlife Review 19
5.4.4 Surface Compliance Review 19
5.4.5 Realty Review 20
5.4.6 Downhole Review 20
5.5 INSPECTION AND ENFORCEMENT 20
5.6 DRILLING 21
5.7 PRODUCTION 21
5.8 ABANDONMENT 21

CHAPTER 6 PERFORMANCE MEASURES 22
6.1 DETAILED PILOT PERFORMANCE MEASURES 22
6.1.1 Methodology 22
6.2 YEAR ONE PILOT PROJECT RESULTS 26
6.2.1 Year One Pilot Project Performance Results 26
6.2.2 Interagency Collaboration Results 26
6.2.3 Business Process Results 27

6.2.4 Improve Stakeholder Responsiveness Results 30
6.2.5 Financial Accountability 33
6.2.6 Buffalo 34
6.2.7 Rawlins 35
6.2.8 Vernal 36
6.2.9 Carlsbad 36
6.2.10 Farmington 37
6.2.11 Glenwood Springs 37
6.2.12 Miles City 38
6.3 INTERAGENCY FUNDING 39
6.4 PILOT INNOVATIONS 39
6.4.1 Comprehensive Strategies 40
6.4.2 Improving Responsiveness to Stakeholders 41
6.4.3 Contracted Support Services 43
6.4.4 Application of Information Technology 43
6.4.5 Human Resources 46

CHAPTER 7 INTERAGENCY CONSULTATION AND COORDINATION 46
7.1 COORDINATION WITH FEDERAL AGENCIES 47
7.1.1 USFWS Section 7 Consultation 47
7.1.2 USFS NEPA Consultation 47
7.1.3 EPA Consultation 48
7.1.4 Section 404 Consultation 48
7.1.5 BIA Consultation 48
7.1.6 BOR NEPA Consultation 48
7.2 COORDINATION WITH STATE ENTITIES 49
7.2.1 Section 106 SHPO Consultation 49
7.2.2 State Departments of Environmental Quality (DEQ) Consultation 49
7.2.3 State Oil, Gas and Energy Commission Consultation 50
7.2.4 State Game and Fish Department Consultation 50
7.2.5 College and University Collaboration 51
7.3 COLLABORATION AMONG BLM FIELD OFFICES 51
7.4 OUTREACH 51

CHAPTER 8 YEAR ONE PROGRESS AND FUTURE STEPS 52
8.1 PROGRESS 52
8.2 FUTURE STEPS 53

Table List

Table 1. Year One FTEs Hired by Agency 8
Table 2. FTEs by BLM Job Type and Field Office 10
Table 3. Key Year One Pilot Project Phases and Timeline 11
Table 4. BLM Pilot Project Performance Categories and Descriptions 23
Table 5. Alignment of Pilot Project Goals and Objectives to Performance Categories 23
Table 6. Pilot Project Performance Measures by Performance Category 24
Table 7. FY 2006 Pilot Office Performance Results—Business Processes 27
Table 8. Expenditures for Four Key Program Elements by Field Office 33
Table 9. Distribution of Section 365 Funding by Participating Agency 39

Figure List

Figure 1. Pilot Project Staffing Trend for FY 2006 8
Figure 2. BLM Oil and Gas Process Flowchart (APD, Sundry Notice, ROW, and I&E) 15
Figure 3. Federal APDs Received Versus APDs Processed by Pilot Project Offices 28
Figure 4. Federal Sundry Notices and ROW Applications Processed by Pilot Offices 28
Figure 5. Average APD Processing Time[a] in Pilot Offices[b] 29
Figure 6. Federal Environmental and Technical Violations for Pilot Offices[a] 30
Figure 7. I&E Federal Inspections of Pilot Offices[a] 31
Figure 8. I&E Federal Strategy Completed[a] 32
Figure 9. Percentage of Key Program Element Spending for Pilot Project—FY 2006 34
Figure 10. Buffalo Field Office Unit Cost per APD and Inspection FY 2003–FY 2006 35
Figure 11. Rawlins Field Office Unit Cost per APD and Inspection FY 2003–FY 2006 36
Figure 12. Carlsbad Field Office Unit Cost per APD and Inspection FY 2003–FY 2006 37
Figure 13. Glenwood Springs Field Office[a] Unit Cost per APD and Inspection FY 2003–FY 2006 38

Appendix List

Appendix 1 —Section 365 of the Energy Policy Act of 2005 ..... A1-1
Appendix 2 —Locations of Pilot Project Offices A2-1
Appendix 3 —Pilot Project MOU to Improve Federal Permit Coordination A3-1
Appendix 4 —Performance Measures Data Dictionary A4-1
Appendix 5 —Performance Measures Attribute Matrix A5-1
Appendix 6 —Performance Measures Attribute Definitions A6-1

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Acronym List

AFMSS	Automated Fluid Mineral Support System
AFMSS/WIS	AFMSS/Well Information System
APD	Application for Permit to Drill
bbl	barrel
BCFe	billion cubic feet equivalent
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BMP	Best Management Practice
BOGC	Montana Board of Oil and Gas Conservation
BOR	Bureau of Reclamation
CAA	Clean Air Act
CBNG	Coalbed Natural Gas
CDOW	Colorado Division of Wildlife
COA	Condition of Approval
COGC	Colorado Oil and Gas Commission
CRISP	Cultural Resource Information Summary Program
CRMTracker	Cultural Resource Management (Project) Tracking System
CWA	Clean Water Act
CX	Categorical Exclusion
DEQ	Department of Environmental Quality
DOA	Department of the Army
DOE	Department of Energy
DOI	Department of the Interior
EA	Environmental Assessment
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESA	Endangered Species Act
FIMO	Federal Indian Mineral Office
FOGRMA	Federal Oil and Gas Royalty Management Act
FONSI	Finding of No Significant Impact
FTE	Full Time Equivalent
FWP	Montana Department of Fish, Wildlife, and Parks
FY	Fiscal Year
GAP	Geographic Area Plan
GIS	Geographic Information System
GWPC	Ground Water Protection Council (specifically state oil, gas, and energy commissions)
I&E	Inspection and Enforcement
IAFMSS	Indian AFMSS
INC	Incident of Non-compliance
IT	Information Technology
LIE	Legal Instruments Examiner
LLE	Land Law Examiner
mcf	million cubic feet
MIS	Management Information System
MMS	Minerals Management Service
MOU	Memorandum of Understanding
NEPA	National Environmental Policy Act
NIAFMSS	Non Indian Automated Fluid Mineral Support System

NMDGF	New Mexico Department of Game and Fish
NMOCD	New Mexico Oil Conservation Division
NMSOM	New Mexico School of Mines
NRS	Natural Resource Specialist
NTC	National Training Center
PET	Petroleum Engineering Technician
OIM	Operator Initial Meeting
PAT	Production Accountability Technician
PFI	Portable Field Inspection
POD	Plan of Development
RBDMS	Risk-Based Data Management System
RMP	Resource Management Plan
ROW	Right-of-Way
SEO	State Engineer's Office
SHPO	State Historic Preservation Officer
SME	Surface Management Entity
SOP	Standard Operating Practice
T&E	Threatened and Endangered
UDWR	Utah Department of Wildlife Resources
USACE	United States Army Corp of Engineers
USDA	United States Department of Agriculture
USFS	United States Forest Service
USFWS	United States Fish and Wildlife Service
WAPA	Western Area Power Administration
WGFD	Wyoming Game and Fish Department
WOGCC	Wyoming Oil and Gas Conservation Commission
XML	Extensible Markup Language

CHAPTER 1 INTRODUCTION

This Year One Report provides a progress report on the implementation of Section 365 of the Energy Policy Act of 2005 (the Act) in the seven Pilot Project offices (Appendix 1). The report is arranged in the following manner:

1. Background on Section 365 of the Energy Policy Act, the federal interagency Memorandum of Understanding (MOU), and the roles and responsibilities of the participating agencies
2. Pilot project year one accomplishments, including a discussion of staffing, development of project performance measures, and key performance and financial results
3. Key findings and observations from year one site visits conducted with each Pilot Project office
4. Progress and next steps for implementing the Pilot Project in year two.

The report also contains an acronym list and appendices that include detailed documentation on Section 365 of the Act, a map showing the location of the pilot offices, the MOU between the federal agencies, other relevant material and data used to prepare this report, data dictionaries for the Pilot Project performance measures, the performance measure attribute matrix, and definitions of the performance measure attributes.

CHAPTER 2 BACKGROUND

2.1 SECTION 365 OF THE ENERGY POLICY ACT

Section 365 directs the Secretary of the Interior to establish a federal permit streamlining Pilot Project in cooperation with the U.S. Department of Agriculture (USDA), the Environmental Protection Agency (EPA) and the Chief of Engineers (Appendix 1). The Act also states that the Secretary may also request the Governors of Wyoming, Montana, Colorado, Utah, and New Mexico to participate in the Pilot Project. The Act further specifies that the Bureau of Land Management (BLM) field offices in Rawlins and Buffalo, Wyoming; Miles City, Montana; Farmington and Carlsbad, New Mexico; Glenwood Springs, Colorado; and Vernal, Utah be part of the Pilot Project (Appendix 2).

The Act directs the Secretary of the Interior to enter in to a MOU with the USDA, EPA, and the Chief of Engineers, and states the Secretary may request that the Governors of Wyoming, Montana, Colorado, Utah and New Mexico be signatories to the MOU (Appendix 3). The MOU was to be prepared and signed within 90 days after the Energy Policy Act was enacted on August 8, 2005. The MOU was signed on October 24, 2005.

The Act requires that no later than three years after enactment, the Secretary of the Interior shall submit a Report to Congress that outlines the results of the Pilot Project to date and makes a recommendation to the President regarding whether the Pilot Project should be implemented throughout the United States.

CHAPTER 3 YEAR ONE IMPLEMENTATION FRAMEWORK AND APPROACH

3.1 FEDERAL INTERAGENCY MOU OVERVIEW

Beginning in August 2005, the Secretary of the Interior initiated discussions with the USDA, the EPA, and the U.S. Army Corps of Engineers in the Department of the Army in order to prepare and sign a federal Interagency MOU. The participating agencies within these Departments include:

- Department of the Interior (DOI)
  - Bureau of Land Management (BLM)
  - U.S. Fish and Wildlife Service (USFWS)
  - Bureau of Indian Affairs (BIA)
  - Mineral Management Service (MMS)
  - Bureau of Reclamation (BOR)
- Department of Agriculture (USDA)
  - U.S. Forest Service (USFS)
- Department of the Army (DOA)
  - U.S. Army Corps of Engineers (USACE)
- U.S. Environmental Protection Agency (EPA).

The purpose of the MOU is to establish policies and procedures to implement Section 365 and to establish a federal permit streamlining Pilot Project with the intent to improve the efficiency of processing oil and gas use authorizations on federal lands. The Act requires that within 30 days after the date of signing of the MOU, all federal signatory parties shall, if appropriate, assign to each of the Pilot Project offices identified, an employee with expertise in the regulatory issues relating to the office in which the employee is employed. The Act also requires that newly assigned pilot office employees report to the BLM Field Manager in the assigned Pilot Project office not later than 90 days after the date of assignment. The Act also requires the Secretary of the Interior to assign to each Pilot Project office any additional personnel necessary to ensure the effective implementation of the Pilot Project and other related programs administered by the field office, including oil and gas inspection and enforcement (I&E) activities related to energy development on federal lands.

The MOU agreement, signed on October 24, 2005, represents an expression of intent among the signing parties to work together to further the objectives of Section 365 of the Act, with specific emphasis on developing a multi-agency Pilot Project to aid in the streamlining and coordinating of federal permit processing for onshore oil and gas operations on federal lands. The MOU also clearly lays out the roles, responsibilities and authorities for each of the participating agencies and identifies the high-level measures of success for the pilot offices. The MOU is contained in Appendix 3.

The participating agencies and parties agreed to several key principles for implementing this MOU, which include:

1. The Pilot Project offices will initially focus on interagency coordination and cooperation in the processing of permits required to support oil and gas use authorizations on federal lands.
2. The Pilot Project offices will maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands.
3. Process streamlining and increased interagency efficiency, including elimination of duplication between federal and state agencies, will be an important measure of success.

4. All participating agencies will seek improved information sharing and use, as well as an improved understanding of respective agency roles and responsibilities.
5. An important measure of success will be the increased ability to process applications for permit to drill (APDs) in a more timely manner.
6. A more rapid response to demands for oil and gas production on federal lands will support the Nation's increased need for energy resources.
7. A more consistent approach among BLM field offices, and greater certainty in processing time requirements, are essential for improved customer service.
8. The financial resources made available through Section 365 should be used to enhance the capability to process oil and gas use authorizations, not as a replacement for base agency resources and responsibilities.
9. Interagency coordination mechanisms established through the Pilot Project should allow for adequate flexibility to adapt to changing demands and technologies related to oil and gas development.
10. Coordination with state agencies with expertise and responsibilities related to oil and gas use authorizations are an important component of a successful Pilot Project.
11. All permitting actions in the pilot offices are expected to promote responsible stewardship of federal subsurface and surface resources.

The goals for implementing the MOU include:

1. Creation of better staff relationships among the participating agencies to improve performance of the pilot offices
2. Placement of participating agency resources in locations that most effectively promote timely processing of APDs and associated agency approvals
3. Focusing of appropriate BLM resources on I&E activities
4. Identification of new or improved interagency practices that should be used in other offices
5. Identifying new or improved ways to increase the efficiency of the APD process
6. Testing a variety of process improvement concepts in the pilot offices
7. Preparation of a comprehensive Report to Congress that clearly identifies the lessons learned in the pilot offices
8. Establishment of interagency coordination mechanisms that can adapt to changing demands or circumstances
9. Measurement of increases in productivity resulting from additional resources provided through Section 365 of the Act
10. Identification of state agency coordination opportunities that could result in improved processing of oil and gas authorizations.

3.2 PARTICIPATING FEDERAL AGENCIES

The sections below contain a description of the participating agencies' responsibilities during the Pilot Project. The responsibilities are based on the MOU found in Appendix 3.

3.2.1 Department of the Interior

Bureau of Land Management

BLM is the primary agency responsible for administering the Pilot Project. In this capacity, BLM will:

1. Provide office space and general administrative support to other participating agency personnel assigned to the pilot offices

2. Establish oil and gas use authorization priorities to effectively coordinate interagency efforts
3. Coordinate periodic interagency contacts and meetings among the participating agencies to assess progress and resolve issues
4. Distribute funds to agencies participating in the Pilot Project
5. Prepare, in cooperation with the participating agencies, the required Report to Congress
6. Work closely with the participating agencies to identify efficiencies in processing of oil and gas authorizations
7. Evaluate its APD process and work with the other participating agencies to improve its efficiency
8. Oversee the implementation of the MOU to ensure that the principles and goals of the MOU and the Pilot Project are achieved.

Fish and Wildlife Service

The USFWS is responsible for ensuring that environmental conservation is given full weight from project planning to implementation in the oil and gas permitting process. To fulfill this responsibility, USFWS uses a number of federal statutes, executive orders, regulations, and policies including:

1. Fish and Wildlife Act
2. Fish and Wildlife Coordination Act
3. Clean Water Act (CWA)
4. Migratory Bird Treaty Act
5. Bald and Golden Eagle Protection Act
6. National Environmental Policy Act (NEPA)
7. Endangered Species Act (ESA).

Through these efforts, the USFWS seeks to ensure that impacts to fish and wildlife resources are adequately described and that mitigation needs are met. In particular, Section 7 of the ESA of 1973, as amended (Section 7) requires that federal agencies ensure that the actions they authorize, fund, or carry out are not likely to jeopardize the continued existence of listed species or destroy or adversely modify their designated critical habitat. As a result, federal regulatory agencies identified by Section 365 of the Act are required to consult with the USFWS on projects potentially affecting any of these resources.

During the Pilot Project, USFWS will:

1. Assign appropriate USFWS staff to assist and support BLM Pilot Offices, as appropriate
2. Work in an integrated manner with the appropriate BLM field office to expedite necessary consultation and coordination procedures, including those required pursuant to Section 7 of the ESA
3. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
4. Assist BLM, as needed, in other components of the oil and gas management program on federal lands, including Section 7 monitoring
5. Coordinate its requisite reviews and integrate its decision-making processes with the various BLM processes, including land use planning (including development or revision of Resource Management Plans [RMPs]), oil and gas leasing, and issuance of drilling permits. This integration will facilitate the development of new processes and procedures that will help to reduce uncertainty at the APD stage, resulting in substantially streamlined final reviews
6. Expedite its review of APDs, while concurrently engaging with BLM as a member of its land use planning team.

Bureau of Indian Affairs

BIA is responsible for the administration and management of land held in trust by the United States for American Indians, Indian tribes, and Alaska Natives. During the Pilot Project, the BIA will:

1. Assign appropriate BIA staff to the BLM Farmington Field Office
2. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination with Navajo interests in the Navajo split estate (federal mineral ownership) area
3. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
4. Assist BLM, as requested, in other components of the oil and gas management program on federal lands or subsurface mineral estate.

Minerals Management Service

The MMS will be responsible for transferring 50 percent of the onshore Mineral Leasing Act rental income from the United States Treasury to the BLM Permit Processing Improvement Fund, established by Section 365(g) of the Act, for the administration of the Pilot Project offices.

Bureau of Reclamation

Through an existing national interagency agreement, dated March 25, 1983, the BLM Carlsbad and Farmington field offices lease and approve APDs on BOR lands. During the Pilot Project, BOR will:

1. Assign appropriate BOR staff to support both the BLM Carlsbad and Farmington field offices
2. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination with BOR responsibilities
3. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations.

3.2.2 Department of the Army

U.S. Army Corps of Engineers

The USACE is responsible for administering laws for the protection and preservation of waters of the United States, pursuant to a number of federal statutes, executive orders, regulations, and policies including:

1. Rivers and Harbors Act
2. CWA
3. Marine Protection, Research, and Sanctuaries Act.

During the Pilot Project, the USACE will:

1. Expedite environmental permits in accordance with the purpose, terms, and conditions of the MOU
2. Consult with BLM regarding an adjustment of priorities under the MOU or establishment of relative priorities under the MOU if the current and/or projected workload of priority projects and activities exceeds the USACE's ability to provide the services specified in the MOU

3. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination with USACE responsibilities
4. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
5. Assist BLM, as requested, in other components of the oil and gas management program
6. Provide BLM with an annual summary report of progress made under the MOU. This report will describe achievements, including any improvements the USACE has documented in coordinating and improving the efficiency of environmental reviews and will summarize expenditures to date. The report also will identify any recommendations for improving consultation and coordination among the parties to this MOU.

3.2.3 Department of Agriculture

U.S. Forest Service

The USFS cooperates with BLM to ensure that management goals and objectives for oil and gas exploration and development activities are achieved, that operations are conducted to minimize effects on surface resources, and that the land affected by operations is rehabilitated. BLM issues and administers oil and gas leases on USFS lands only after the USFS has made a leasing availability decision and taken the action necessary for BLM to offer available lands for lease. Once a federal lease on USFS lands is issued, the USFS has full responsibility and authority to approve and regulate all surface-disturbing activities associated with oil and gas exploration and development through analysis and approval of the Surface Use Plan of Operations, a component of an APD.

During the Pilot Project, the USFS will:

1. Assign to each pilot office that includes National Forest Service lands an employee to work in partnership with BLM. This employee will have responsibility to facilitate the timely processing, implementation, and inspection of oil and gas-related permits on USFS lands. Duties of this employee will include:
   a. Providing a communication link between the BLM pilot office and the local USFS office
   b. Assisting in determining skills and personnel the USFS must provide to ensure efficient and timely processing of requests for leases, Surface Use Plans of Operations, and associated project proposals
   c. Serving as project manager for proposed oil and gas projects on USFS lands, including leasing analyses, APDs, pipelines, roads, and other projects required for the development of oil and gas resources
   d. Assisting in coordinating and conducting field reviews of proposed oil and gas projects on USFS lands, including onsite reviews
   e. Ensuring that oil- and gas-related permit applications on USFS lands are processed in compliance with the requirements of Section 366 of the Act and BLM's Onshore Order No. 1
   f. Ensuring that inspections of all oil and gas drilling and producing operations on USFS lands are carried out yearly and that remedial actions are taken when operations are not in compliance with Surface Use Plans, applicable Land Management Plans and RMPs, and/or statutory and regulatory requirements.
2. Develop an action plan within four months of the establishment of the pilot offices. The action plan will:
   a. Identify internal process challenges and propose process efficiencies
   b. Establish USFS procedures for conducting permitting, and administration of oil and gas operations on USFS lands covered by the pilot offices.

3. Within six months of the establishment of the pilot offices, review pending projects (APD backlog) on USFS lands covered by the Pilot Project, designate time frames and checkpoints for progress on active projects, and identify those that are inactive and can be removed from consideration
4. Twice yearly, report via the Pilot Project Liaison, to the Forest Supervisor and BLM Field Manager successes and challenges associated with the Pilot Project and make recommendations to improve efficiencies and cut time frames for processing APDs on USFS lands. The report will also include an estimate of the number of pending lease applications and APDs, and progress on I&E operations on USFS lands.

3.2.4 Environmental Protection Agency

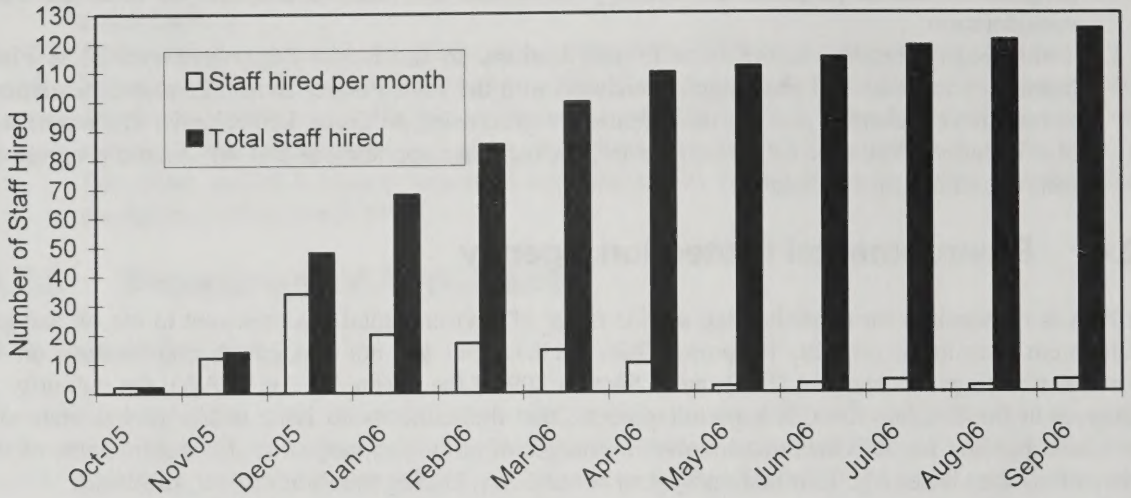
The EPA is responsible for administering a wide range of environmental laws relevant to the oil and gas development permitting process. Responsibilities include, but are not limited to, commenting on an Environmental Impact Statement (EIS) under Section 309 of the Clean Air Act (CAA), the authority to participate in the Section 404 CWA permit process, and the authority to issue and/or review state and tribe issued permits for activities that involve discharges of pollutants subject to the requirements of the National Pollutant Discharge Elimination System or the CAA. During the Pilot Project, EPA will:

1. Work in an integrated manner with the appropriate BLM field office to expedite the necessary consultation and coordination related to EPA responsibilities
2. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations
3. Assist BLM, as requested, in other components of the oil and gas management program
4. Continue general coordination and consultation with BLM on oil and gas activities on federal lands
5. Conduct annual coordination reviews with BLM to analyze changing workloads and processes to determine whether review or process changes are appropriate to achieve greater efficiency in the processing of oil and gas use authorizations.

3.3 STAFFING

To fulfill the requirements of the Pilot Project, the participating agencies, including BLM, USFWS, USFS, USACE, BOR, and BIA, projected the number of additional staff that would be required. These agencies anticipated hiring approximately 146.5 additional staff to meet the Pilot Project requirements. Hiring of additional staff started following the signing of the Act. The initial hiring of staff focused on permitting staff, I&E staff, and specialized resource staff. The majority of the positions were filled by April 2006 though additional hiring of staff has continued. Figure 1 shows the staffing trend in fiscal year (FY) 2006 for all participating federal agencies.

Figure 1. Pilot Project Staffing Trend for FY 2006



Most of the hiring of staff occurred through April 2006 and then tapered off through September 2006. A total of 123.5 full time equivalents (FTE) were hired as of September 29, 2006. The following sections identify the number of staff hired by each agency and the field offices to which the staff have been assigned.

3.3.1 Federal Agencies

The MOU outlines the anticipated staffing needs for each agency. BLM anticipated providing additional staff expertise as necessary to meet the specific needs of the individual pilot offices. The USFWS anticipated providing approximately ten FTEs with expertise in wetlands consultation, migratory birds and raptors, NEPA, environmental contaminants, and ESA. The BIA anticipated providing one position referred to as a Navajo Permit Coordinator. The BIA employee's function would be to coordinate with the Navajo Tribe, Eastern Navajo Chapters, and Navajo families living in the checkerboard landownership area. BOR anticipated providing one staff position to be shared between the Carlsbad Field Office and the Farmington Field Office. The USACE provided 0.5 FTE for each of the pilot offices. The USFS anticipated providing six additional staff positions and other staff as necessary. The additional staff would include specific expertise as necessary, such as planning, NEPA, archeology, wildlife, and I&E. Table 1 shows the number of FTEs identified by each agency, the number of FTEs hired during FY 2006, and the remaining FTEs to be hired.

Table 1. Year One FTEs Hired by Agency

Federal Agency	Total FTEs Hired by Agency	Year One Target (FTEs)	Remaining (FTEs)
Bureau of Land Management	109	125	16
U.S. Fish and Wildlife Service	6	10	2[a]
U.S. Forest Service	5	6	1
U.S. Army Corps of Engineers[b]	3.5	3.5	0
U.S. Bureau of Reclamation	0	1	1

Federal Agency	Total FTEs Hired by Agency	Year One Target (FTEs)	Remaining (FTEs)
U.S. Bureau of Indian Affairs	0	1	1
TOTAL FTEs	**123.5**	**146.5**	**21**

Note: [a] Two (2) USFWS FTE represent four (4) 0.5 FTE collateral duty positions in Albuquerque, Denver, Billings and Salt Lake City. These are not new-hire positions and will not need to be filled.
[b] Collateral duty

BLM has hired 84 percent of the total anticipated FTEs. Originally, BLM anticipated hiring 114 FTEs; however, after further review of pilot office needs, 11 FTEs were added to the Vernal Field Office in June 2006. A total of 16 FTEs remain to be hired by BLM.

The USFWS hired five FTEs through September 2006. The Buffalo Field Office, the Glenwood Springs Field Office, Miles City Field Office, Rawlins Field Office, and Vernal Field Office have one USFWS FTE allocated to each field office. An additional USFWS position to support the Buffalo and Rawlins field offices is located in Cheyenne, Wyoming. The USFWS FTEs for the Carlsbad Field Office and Farmington Field Office were initially advertised as term employees. The responses to these advertisements did not meet hiring requirements. As a result, the two USFWS positions were re-advertised as permanent positions. Four half-time USFWS positions each were identified for Albuquerque, Denver, Billings, and Salt Lake City. These positions may be collateral duty positions depending on the long-term workloads.

The USFS hired five FTEs through September 2006. Three USFS positions are collocated in the Glenwood Springs Field Office, one position in the Farmington Field Office, one position in the Vernal Field Office, and one position in the Buffalo Field Office. All USFS positions have been filled except for one Glenwood Springs position, which is being re-advertised.

The USACE has assigned 0.5 FTE per field office. In one case, a USACE employee has been assigned to two field offices. USACE staff members are not collocated in the field offices but remain in their offices closest to the pilot offices.

BOR anticipates providing one FTE to work with the Carlsbad Field Office on joint BOR/BLM leasing and APD activities. The interagency agreement to allow the BOR employee to be collocated in the field office is awaiting approval by the agencies.

The BIA anticipates hiring one FTE to be collocated in the Farmington Field Office where the employee would function as a liaison to work specifically with BLM on processing APDs. The liaison would improve coordination in the processing of APDs. The position has not yet been filled.

3.3.2 BLM

As described in the MOU, BLM anticipated providing additional staff expertise as necessary to meet the specific needs of the individual pilot offices. BLM has identified approximately 125 new positions to staff the Pilot Project. Currently BLM has filled 109 of the anticipated 125 positions. Table 2 below shows the BLM job types and FTEs that were hired under the Pilot Project in each of the field offices.

Table 2. FTEs by BLM Job Type and Field Office

Job Type	Buffalo	Carlsbad	Farmington	Glenwood Springs	Miles City	Rawlins	Vernal	Total
Project Manager		1	1					2
Energy Program Assistant	1							1
Management Assistant			1					1
NEPA Coordinator				1			1	2
Natural Resource Specialist		2	2	2	4	3	6	19
Outdoor Recreation Planner						1		1
Archeologist	1		1	1	2	2	1	8
Wildlife Biologist				1		3	1	5
Biological Technician		1						1
Botanist							1	1
Hydrologist		1		1		1		3
Civil Engineer						1		1
Surface/ Environmental Protection Specialist		1						1
Soils Scientist (Reclamation)							1	1
Fluids Geologist		1		1			2	4
Petroleum Engineer							2	2
Petroleum Engineering Technician (PET)	2	4	4	2	2	3	2	19
Production Accountability Technician (PAT)	1	2	2	1		1	1	8
Branch Chief, Lands and Surface Compliance							1	1
Realty Specialist		1	1	1		2	1	6
Surface Compliance Technician	1					1		2
Land Law Examiner (LLE)		1		2			1	4
Legal Instrument Examiner (LIE)		3	1				2	6
Legal Assistant			1			1		2
Staff Support Assistant					1			1
Administrative Assistant				1				1
GIS Specialist/ Cartographer		2	1			1		4
Computer Assistant						1		1
Office Automation Clerk						1		1
Total BLM FTEs Hired (as of 9/29/06)	**6**	**20**	**15**	**14**	**9**	**22**	**23**	**109**

The expertise of the additional BLM staff includes a wide variety of physical, biological, and technical support positions, including natural resource specialists (NRSs), wildlife biologists, petroleum engineers,

petroleum engineering technicians, and lands and realty staff. The greatest numbers of hires were natural resource specialists and petroleum engineering technicians.

The hiring of additional BLM positions to meet the Pilot Project requirements started immediately following the signing of the Act. New BLM staff started reporting to the field offices as early as October 2005. The NRS and PET positions for all offices were advertised together to solicit a broad response.

3.3.3 State Agencies

State agencies in New Mexico and Montana have signed agreements with BLM to hire staff in support of the Pilot Project. The New Mexico Oil Conservation Division has agreed to place an inspector in the Carlsbad and Farmington field offices. The Montana DEQ has agreed to place two positions in the Miles City Field Office and one additional position in Helena in support of interagency activities. The Montana FWP has agreed to provide a support position for Miles City Pilot Office permit coordination needs. Preliminary discussions have occurred with other state agencies, including the Montana Department of Fish, Wildlife and Parks; the Wyoming DEQ; the Wyoming Game and Fish Department; the Wyoming State Historic Preservation Officer; and the Colorado Department of Natural Resource.

CHAPTER 4 YEAR ONE METHODOLOGY AND DATA GATHERING

4.1 YEAR ONE PROJECT PLAN AND METHODOLOGY

To implement the Pilot Project in year one, a detailed project plan was developed that included key tasks, activities, deliverables, and major milestones (associated with the measures development). The Year One Project Plan was updated throughout the project's duration to reflect changes in project schedule. Table 3 contains a description of the major project phases in year one.

Table 3. Key Year One Pilot Project Phases and Timeline

Project Phase	Purpose	Date
Collect Baseline Information on APD and I&E Processes	Collect, review, and analyze available information and data to establish baselines for the APD and I&E processes and current performance measures	January to February 2006
Develop Performance Measure Framework and Initial Performance Measures	Design performance measures framework that aligns goals and objectives of Section 365 to specific Pilot Project performance measures	January to March 2006
Conduct Washington Office Pilot Project Implementation Status Briefings	Inform leadership of BLM and participating Pilot Project agencies of year one progress	March 2006
Conduct Pilot Project Office Site Visits	Baseline implementation of the Pilot Project in each field office for year one and collect feedback on proposed performance measures	April to May 2006
Write Site Visit Reports	Document key findings and observations from each site visit in order to capture and share best practices	June to September 2006
Refine Performance Measures Based On Field Office Feedback	Update initial performance measures based on feedback received during Pilot Project office site visits	June to August 2006
Prepare Year One Progress Report	Document Pilot Project implementation progress and key accomplishments for year one	August to September 2006

4.2 DATA GATHERING SOURCES AND APPROACH

The MOU provided the path for agency coordination by identifying roles, responsibilities, and delegation of authority for each agency. This formed the basis to establish the pilot offices and recruit personnel that would increase the capability of each office. With establishment of the pilot offices, it was necessary to develop measures that would determine the success of the project. To establish the measures, Booz Allen Hamilton was hired to assist in developing and monitoring measures that would be quantifiable throughout the 3-year study period.

4.2.1 Review of BLM Documentation

During year one, data were collected, reviewed, and analyzed from a number of different sources to develop an understanding of the permit process for oil and gas wells and the I&E processes and to develop an initial understanding of the current performance measures used by BLM and other federal agencies to monitor and track the APD and I&E processes. The sources include data, information, and documentation collected from BLM and other federal agencies participating in the Pilot Project. The types of BLM documentation collected include:

- Business Process Documentation
  - APD Process
  - I&E Process
  - NEPA Process
  - Pilot Field Office-specific Documents
- Performance Measures Documents
- Operator Guidebooks
- Interagency Agreements and MOUs
- Budget and Cost Data and Documents
- Pilot Project Background and Other Documentation.

This documentation was reviewed and analyzed throughout year one.

4.2.2 Washington Office Briefings

In March 2006, several senior-level briefings were conducted in Washington, DC, with representatives from BLM and the other participating agencies. The purpose of these briefings was to review the status of the Pilot Project's implementation and to present the initial performance measures framework and performance measures. During these briefings, the project team received feedback on the planned site visits as well as the performance measures.

4.2.3 Agency Leadership Visits

Starting in March 2006, BLM Director Kathleen Clarke, accompanied by senior management from the federal partner agencies, visited all of the Pilot Offices to:

- Stress to the staff the importance of the Pilot Project and to demonstrate her support and commitment to making the Pilot Project a success
- Challenge the pilot offices to be innovative and to lead the way in interagency coordination and process streamlining
- Get a first-hand feel for the issues the offices were facing and let the staff know that she would seek solutions to the issues that were raised

- Demonstrate the commitment to interagency collaboration by having senior leaders from the federal partners with her on the visits
- Reach out to the media about the Pilot Project.

4.2.4 Senate Hearings

On June 27 2006, the U.S. Senate Committee of Energy and Natural Resources held a full committee hearing in Washington, DC, on the implementation of the Act's provisions for Section 365. At this hearing, BLM Director Kathleen Clarke and USFWS Director H. Dale Hall reported to the Committee on key accomplishments of the Pilot Project, including the Interagency MOU, staffing and hiring efforts, and coordination at the state level. Also testifying at this hearing were representatives from the State of Wyoming, petroleum operators, and public lands advocates. The Committee also received testimony and analysis from an outside consulting firm (Advanced Resources International, Inc.) on the potential impacts of the Pilot Project. Analytical results demonstrated that significant potential benefits could result from the Pilot Project over a 5-year period, including:

- Increases in production, up to 1,000 billion cubic feet-equivalent (BCFe)/year and reserves
- Significant incremental economic value (of up to $20.4 billion) and greater royalties
- Increases in jobs (peaking at slightly over 14,000 per year).

The analysis also identified several challenges facing the implementation of the Pilot Project, including rig availability, possible pipeline constraints, hiring of APD-knowledgeable staff, and issues relating to land access.

4.2.5 Field Office Site Visits

During the months of April through May 2006, Booz Allen Hamilton and BLM staff conducted a 2-day visit at each of the seven pilot offices. These visits were to solicit pilot office input on recommended performance measures with emphasis on interagency process improvement, to verify and refine measures, and to initiate performance data collection. From the data gathered at the site visits, reports were prepared encompassing the following:

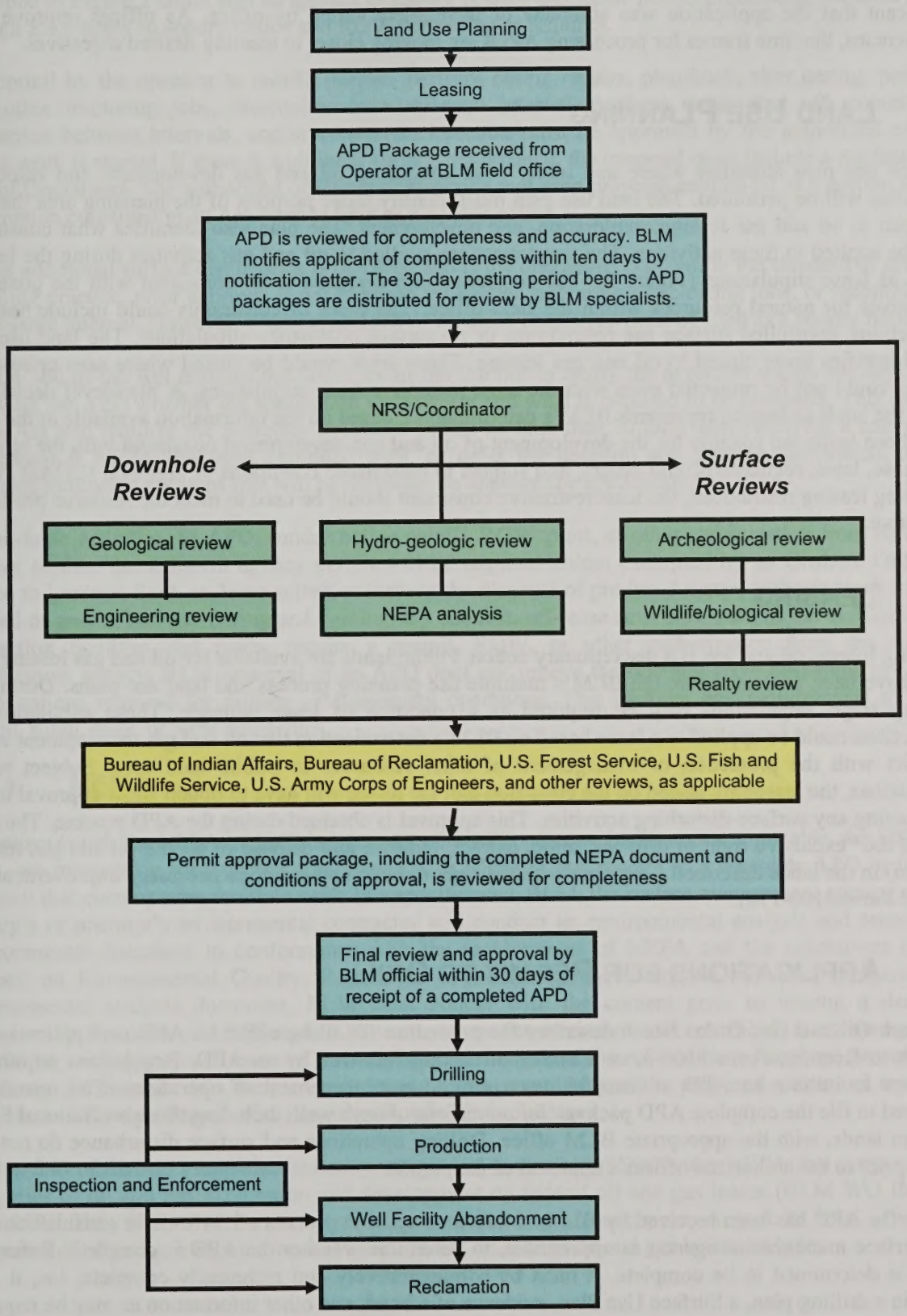
- An overview of the pilot office, including a description of current unique factors
- Recent field office APD, sundry notice, associated right-of-way (ROW), and I&E annual performance statistics
- Summaries of ongoing federal and state government interagency collaboration
- Key observations of the Pilot Project office interviews that were conducted for respective job functional groups
- Key observations of the Pilot Project office's innovative BMPs, needed or in-house developed improvements in hardware and software application, and important issues.

CHAPTER 5 BUSINESS PROCESSES AND PROCEDURES

5.1 WELL PERMITTING, ROW, AND INSPECTION/COMPLIANCE PROCESSES

Figure 2 shows the overall BLM oil and gas process. This simplified flowchart briefly summarizes the steps involved with the authorization of oil and gas activities, providing context for the discussion of the APD process and I&E activities. The flowchart begins with land use planning and ends with the reclamation of lands associated with abandoned oil and gas facilities. The sections below briefly describe the steps presented in the flowchart.

Figure 2. BLM Oil and Gas Process Flowchart (APD, Sundry Notice, ROW, and I&E)


Land Use Planning
Leasing
APD Package received from Operator at BLM field office
APD is reviewed for completeness and accuracy. BLM notifies applicant of completeness within ten days by notification letter. The 30-day posting period begins. APD packages are distributed for review by BLM specialists.
NRS/Coordinator
Downhole Reviews
Surface Reviews
Geological review
Engineering review
Hydro-geologic review
NEPA analysis
Archeological review
Wildlife/biological review
Realty review
Bureau of Indian Affairs, Bureau of Reclamation, U.S. Forest Service, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, and other reviews, as applicable
Permit approval package, including the completed NEPA document and conditions of approval, is reviewed for completeness
Final review and approval by BLM official within 30 days of receipt of a completed APD
Drilling
Production
Inspection and Enforcement
Well Facility Abandonment
Reclamation

During the pilot office visits, it was found that all of the offices were following either single- or multiple-well APD processing, however, the time frames established for completing the APD and notifying the applicant that the application was complete or incomplete varied by office. As offices improve their efficiencies, the time frames for processing APDs are moving closer to meeting desired objectives.

5.2 Land Use Planning

A land use plan identifies where and under what conditions oil and gas development and associated activities will be permitted. The land use plan must identify those portions of the planning area that will be open to oil and gas leasing, exploration, and development. The plan also identifies what constraints will be applied to these activities. The constraints are applied to oil and gas activities during the leasing stage as lease stipulations (Figure 2). The constraints are designed to be consistent with the goals and objectives for natural resources within the field office. The types of constraints could include seasonal restrictions, controlled surface use restrictions, or no surface occupancy stipulations. The land use plan also identifies areas closed to oil and gas leasing. These areas would be closed where uses or resource values could not be protected even with the most restrictive lease stipulations. A plan-level decision to open the lands to leasing represents BLM's determination, based on the information available at the time, that those lands are suitable for the development of oil and gas development consistent with the terms of the lease, laws, regulations, and orders, and subject to reasonable conditions of approval (COAs). When applying leasing restrictions, the least restrictive constraint should be used to meet the resource protection objective.

5.3 Leasing

Leasing federal oil and gas is a discretionary action. Public lands are available for oil and gas leasing after they have been evaluated through BLM's multiple use planning process and land use plans. During the leasing stage, stipulations may be required as a condition of lease issuance. These stipulations or restrictions could be applied to a lease based on BLM's determination that oil and gas development would conflict with the protection or management of other resources or public land uses. Subject to the stipulations, the leases are issued on the condition that the lessee will have to obtain BLM approval before conducting any surface-disturbing activities. This approval is obtained during the APD process. The lease grants the "exclusive right to drill for, mine, extract, remove, and dispose of all the oil and gas (except helium) in the lands described...together with the right to build and maintain necessary improvements..." (BLM Form 3100-11b).

5.4 Applications for Permit to Drill

Onshore Oil and Gas Order No. 1 describes the procedure for filing either an APD or Application for Permit to Reenter, Form 3160-3, or a notice of staking followed by an APD. Regulations require the operator to initiate an APD at least 30 days prior to commencement of operations. The operator is required to file the complete APD package for operations of each well, including those on National Forest System lands, with the appropriate BLM office. Drilling operations and surface disturbance do not take place prior to the authorized officer's approval of the permit.

When the APD has been received by BLM, it follows a specific process of reviews, in consultation with the surface management agency as appropriate, to determine whether the APD is complete. Before the APD is determined to be complete, it must be administratively and technically complete, i.e., it must contain a drilling plan, a Surface Use Plan, evidence of a bond, and other information as may be required.

On USFS lands, the USFS (and BOR for BOR lands) must approve the surface use portion of the APD before BLM can approve the APD. The APD process is included in Figure 2. Note that the process described in Figure 2 could also be applied to sundry notices and ROW permit processing. Sections 5.4.1 through 5.4.6 apply to sundry notice and ROW permitting as required.

A proposal by the operator to redrill, deepen, perform casing repairs, plug-back, alter casing, perform nonroutine fracturing jobs, recomplete in a different interval, perform water shut off, commingle production between intervals, and/or convert to injection must be approved by the authorized officer before work is started. If there is additional surface disturbance, the proposal must include a Surface Use Plan of Operations. The authorized officer may prescribe that each proposal contain all or a portion of the information contained in an APD that is filed as a sundry notice.

Unless additional surface disturbance is involved and if the operations conform to the standard of prudent operating practice, prior approval is not required for routine fracturing or acidizing jobs, or recompletion in the same interval. However, a subsequent report on these operations must be filed as a sundry notice.

Section 366 of the Act requires the Secretary of the Interior to notify the applicant within ten days after receiving the APD whether the application is complete and what is required to be complete. This section of the Act also requires the Secretary to issue a permit no later than 30 days after receiving a completed application if NEPA has been complied with, or defer the decision and provide notification to the applicant indicating the steps that will be necessary to approve the application.

For on-lease activities, an APD, sundry notice permit, ROW grant, or other authorization from BLM, or another surface management agency permit will be required unless exempted by an Onshore Order or Notice to Lessees. Such on-lease activities include the disposal of produced water, authorizations for use of sand or gravel, and gas flaring and venting. By contrast, off-lease activities, such as the installation of production facilities and roads, require a permit, ROW, or other authorization from the surface management agency. BLM approval of an APD does not relieve the operator from obtaining any other authorizations required for drilling or subsequent operations. This includes any requirements of other federal, tribal, state, or local authorities.

5.4.1 NEPA

Compliance with the NEPA of 1969 is integral to the APD process. BLM, and if applicable, the USFS or BOR, are responsible for ensuring compliance with NEPA. Upon receipt of a complete APD or formal proposal that encompasses multiple wells in a specific area, BLM, the surface management agency, or the agency's or operator's environmental contractor will conduct an environmental analysis and prepare an environmental document in conformance with the requirements of NEPA and the regulations of the Council on Environmental Quality. Regardless of which agency, entity, or individual prepares the environmental analysis document, BLM must concur with the content prior to issuing a decision document. In the cases of USFS and BOR lands, where the environmental analysis is conducted jointly with BLM, each agency will issue its own decision. The extent of the environmental analysis process and time frame for issuance of a decision will depend on the complexity of the proposed action and resulting analysis, and the significance of the environmental effects disclosed.

Section 390 of the Act establishes statutory categorical exclusions (CXs) under NEPA that apply to five categories of oil and gas exploration and development on federal oil and gas leases (BLM WO IM No. 2005-247). This section of the Act took effect on the date of enactment, August 8, 2005. The five categories of oil and gas exploration and development on federal oil and gas leases include:

- Individual surface disturbances of less than five acres so long as the total surface disturbance on the lease is not greater than 150 acres and site-specific analysis in a document prepared pursuant to NEPA has been previously completed
- Drilling of an oil or gas well at a location or well pad site at which drilling has occurred previously within five years before the date of spudding the well
- Drilling an oil or gas well within a developed field for which an approved land use plan or any environmental document prepared pursuant to NEPA analyzed such drilling as a reasonably foreseeable activity, so long as such plan or document was approved within five years before the date of spudding the well
- Placement of a pipeline in an approved ROW corridor, as long as the corridor was approved within five years before the date of placement of the pipeline
- Maintenance of a minor activity, other than any construction or major renovation of a building or facility.

In reviewing an APD, Surface Use Plan of Operations, or pipeline application involving a proposed activity that meets the criteria of the above-described five categories, the appropriate CX is to be applied, and further NEPA analysis is not required. The CX is applied unless the activity does not meet the standard prescribed in the law to qualify for the exclusion.

NRSs are the leads for the development of the permit NEPA documentation including Environmental Assessments (EAs), Findings of No Significant Impact (FONSI), and statutory CXs. In some of the field offices, the NRSs coordinate the development of NEPA documents, and in other field offices, the NRS staff are responsible for drafting the NEPA documents. Depending on the field office, the APDs are assigned to different NRS staff based on a variety of criteria, including workload, familiarity with the operator, or site-specific knowledge of the field office.

The NRSs interact on a formal and informal basis with agencies during the development of NEPA documents for the APD process to resolve issues with well permit applications. While NRSs collaborate with a number of interagency organizations for a particular well permit application, they mainly do so in conjunction with each functional specialty within the field offices.

5.4.2 Archeological Review

The archeological review is an evaluation of the historical and cultural significance of properties in advance of well permit surface disturbance activities. Archeologists or cultural specialists are responsible for conducting the archeological review. Cultural specialists review each proposed APD area to ensure compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (Section 106). Cultural specialists may be engaged at various points in the permit surface disturbance planning process, including the pre-submission phase and with onsite visits of the proposed well pad location.

Six of the seven Pilot Project offices have established consultation protocols with their respective State Historic Preservation Offices (SHPOs). A consultation protocol agreement is not in place in Utah (Vernal Field Office). In general, SHPO protocols delegate authority to BLM cultural specialists to determine the eligibility of a site. If the site is determined ineligible, then consultation with SHPO is not required. If the site is determined eligible, then BLM cultural specialists are required to consult with SHPO and obtain a determination. The SHPO protocols have improved the efficiency of the Section 106 consultations and have been critical in streamlining the cultural review process.

In 2003, the Department of Energy (DOE), under the PUMP III program, provided a project grant to BLM New Mexico and BLM Wyoming, and the SHPOs of New Mexico and Wyoming to develop two automated cultural resources business process systems. The first system, now in use, called the Cultural

Resource Information Summary Program (CRISP), allows an oil and gas operator to query spatially (map) depicted data using Geographic Information System (GIS) technology for a designated project area, a listing of existing cultural surveys, known national historic sites, and predictive indicators of potential buried sites. This system saves time and resources by leveraging prior surveys and conducting new surveys only where needed. CRISP is now being used by BLM New Mexico and BLM Wyoming and by the Industry. The second system, the Cultural Resource Management (Project) Tracking System (CRMTracker), was developed to fully automate the submission of completed cultural survey reports to BLM and forwarding of these reports to the respective SHPOs as necessary. CRMTracker is now being used statewide by BLM Wyoming. The Buffalo, Rawlins, and Farmington pilot offices recognize these technologies as having considerable potential to substantially improve the efficiency of the current cultural review process.

5.4.3 Wildlife Review

Wildlife biologists are responsible for assessing the impact of proposed oil and gas surface disturbance activities to wildlife habitat, vegetation, and land cover. The wildlife biologists conduct onsite wildlife surveys or review contract wildlife survey information submitted by the project proponent. The wildlife biologist is responsible for writing the Biological Assessment portion of the NEPA EA for a proposed oil and gas surface disturbance activity.

Under provisions of Section 7(a)(2) of the ESA, a federal agency that permits, licenses, funds, or otherwise authorizes activities must consult with the USFWS to ensure that its actions will not jeopardize the continued existence of any listed species. Wildlife biologists are required to conduct Section 7 consultations with USFWS if a proposed activity would likely affect threatened or endangered species. If listed species are present, the federal agency must determine whether the action may affect the species. A "may affect" determination includes those actions that are not likely to adversely affect as well as likely to adversely affect listed species. If the federal agency determines that the action is not likely to adversely affect listed species, and the USFWS agrees with that determination, the USFWS provides concurrence in writing and no further consultation is required. If the federal agency determines that the action is likely to adversely affect listed species, then it must request initiation of formal consultation. Once formal consultation begins, the USFWS prepares a biological opinion. The biological opinion is the document that states the opinion of the USFWS regarding whether or not the federal action is likely to jeopardize the continued existence of listed species or result in the destruction or adverse modification of critical habitat.

Wildlife biologists indicated that their participation in onsite visits during the APD process improves permit processing efficiency. Onsite visits were noted as having particular benefits to improving APD processing time, because these visits enable both USFWS and BLM wildlife biologists to assess the impacts of the proposed surface disturbance activity to wildlife, habitat, and other environmental conditions. This enables a mutual understanding of relevant local wildlife species, terrain, and conditions, which may result in early changes to the proposed action and facilitate a more informed decision-making process.

5.4.4 Surface Compliance Review

The surface compliance staff includes individuals in a variety of disciplines such as hydrologists, civil engineers, geologists, soil scientists, mineral resource specialists, wildlife biologists, and range management specialists. The staff is responsible for drafting and reviewing discipline-specific sections of the APD and associated NEPA documents. The staff also participates in the onsite visits to proposed well

pad locations and is responsible for surface compliance inspection and monitoring before, during, and after construction/reclamation activities.

5.4.5 Realty Review

The realty staff consists of realty specialists, land law examiners, and realty compliance technicians. The realty staff approves ROW grants for those oil and gas related facilities located off lease, all third-party pipelines, powerlines, and telephone lines either on or off lease, and all off-lease roads across public lands and reviews or may draft the appropriate NEPA documentation. Realty staff members are also responsible for ensuring compliance with the ROW grant terms and conditions.

5.4.6 Downhole Review

The geologists and petroleum engineers review the APD 8-point downhole technical plan submitted by the applicant. The geologist reviews the geologic information submitted, including important geologic markers and their depths, and estimated depths of anticipated oil, gas, water, and mineral bearing formations. Oil and gas operations must be designed to protect mineral bearing formations and protect usable water from commingling with brackish water or hydrocarbons. The petroleum engineer reviews other associated oil/gas drilling operations, including the adequacy of pressure control equipment; drilling equipment used; casing and cementing programs; information on the mud system to control drilling operations; information on testing, logging, and coring; information on expected bottom hole pressures and temperatures or unexpected hazards; and any other information to be considered by BLM in reviewing the drilling permit. A Hydrogen Sulfide (H_2S/Poison Gas) Drilling Operations Plan will be required if H_2S is anticipated to be encountered, as required by Onshore Order Number 6.

5.5 INSPECTION AND ENFORCEMENT

Leaseholds that are producing or are expected to produce significant quantities of oil or gas in any year, or have a history of noncompliance, will be inspected by BLM at least once a year. Other factors, such as health and safety, environmental concerns, and potential conflict with other resources, also determine inspection priority. Inspections of leasehold operations are made to ensure compliance with applicable laws, regulations, lease terms, the APD and its COAs, Onshore Oil and Gas Orders, Notices to Lessees, and other written orders of the authorized officer.

Inspection activities are driven and managed by an annual I&E Strategy. The petroleum engineering technicians are responsible for completing the majority of inspections. The BLM Washington Office's current I&E Strategy policy (WO IM No. 2006-033) identifies the following inspection workload priorities:

1. High Priority drilling wells
2. High Priority plugging and abandonment operations
3. Federal and Indian production cases rated High to Federal Oil and Gas Royalty Management Act (FOGRMA) criteria
4. High Priority environmental inspections, federal and Indian.
5. High Priority production inspections on new producing oil and gas wells
6. Cases that have had a change of operator
7. Inspections during any well production testing occurring during or after High Priority drilling operations but before the well is placed on a producing well status
8. High Priority workover operations
9. Thirty-three (33) percent of the remaining Indian production cases

10. Thirty-three (33) percent of the remaining federal production cases
11. Interim reclamation inspections.

5.6 DRILLING

Drilling operations occur after the APD has been approved by the authorizing officer. Drilling is generally preceded by the construction of roads, access ways, well sites, and pipelines. The construction of these facilities is monitored and inspected by the surface compliance and I&E staff. Prior to spudding in the well, or starting drilling operations, the operator notifies BLM so that inspection staff can be present. Throughout the drilling operations, BLM staff inspect the site and operations to ensure compliance with applicable laws, regulations, lease terms, the APD, APD COAs, Onshore Oil and Gas Orders, Notices to Lessees, and orders and instructions. These include, but are not limited to, conducting operations in a manner that ensures protection of surface and subsurface natural resources, environmental quality, life, and property. The primary objective is to maximize the ultimate recovery of oil and gas with minimum waste and with minimum adverse effect on other mineral and natural resources, and environmental quality.

5.7 PRODUCTION

Once a well goes into production, inspections are conducted on operations to ensure oil and gas is properly handled, measured, and reported for royalty purposes. Production inspections also include verification of site security and environmental protection. Based on the mandates under FOGRMA priorities on verification of production accountability are critical to these inspections.

Additionally, production accounting technicians supplement production field inspections by reviewing and auditing production data and verifying the accuracy oil and gas volumes measured on site, which are reported to MMS. Both oil and gas inspectors and the production accounting technicians closely coordinate with the MMS and state agencies to determine the accuracy of production reporting.

5.8 ABANDONMENT

Each drilling well is subsequently plugged and abandoned where oil or gas is not encountered in paying quantities or after a producing well is no longer capable of producing oil or gas in paying quantities. As with drilling operations, inspections are also conducted on abandonment operations by bureau inspectors and surface compliance specialists to ensure operations are conducted in a manner that protects the surface and subsurface natural resources, environmental quality, life, and property.

Upon the removal of drilling or producing equipment from the site of a well that is to be permanently abandoned, the site is reclaimed. The objective of reclamation in the short term is to provide site stability and basic productivity. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is responsible for completing the reclamation activities necessary to achieve the short-term objective, and upon abandonment, establishing the conditions on the site so that no impediment exists that would prevent achieving the final goal.

All surface disturbances associated with plugged wells and facility abandonment must be reclaimed after operations have concluded. The final abandonment notice, including final reclamation, is approved by BLM after successful reclamation of the site.

CHAPTER 6 PERFORMANCE MEASURES

6.1 DETAILED PILOT PERFORMANCE MEASURES

BLM contracted Booz Allen Hamilton to develop an initial measurement system and measures framework for the Pilot Project. The purpose of the measures development effort is to identify a set of measures that are specifically integrated with Pilot Project goals and objectives, limited to a critical few that are considered essential for generating data for decision making, responsive to multiple priorities, establish accountability for results among the participating Pilot Project offices and agencies, and are based on data that are accurate, consistent, and cost effective to collect and analyze.

6.1.1 Methodology

To develop the measures, Booz Allen followed a four-step process which consisted of:

1. Define Pilot Project measurement scope
   a. Achieve consensus with BLM on key aspects of Pilot Project mission, vision, goals, and objectives
   b. Document and categorize existing BLM measures into a measures framework and align to goals
2. Design performance measures
   a. Identify measures gaps and brainstorm new measures
   b. Filter measures using "good measures tests" to achieve an ideal measures set
   c. Create a preliminary measures catalog (includes definitions, formulas, data needs, periodicity, etc.)
3. Test and refine initial measures
   a. Visit Pilot Project offices and other stakeholders to communicate measures and gather feedback
   b. Adjust measures and obtain BLM leadership buy-in
4. Identify implementation needs
   a. Establish measure-specific processes to collect measures data and generate performance reports
   b. Monitor task performance and measure appropriateness
   c. Constantly readjust and improve measures and processes.

The following sections describe the key activities, processes, and outputs of each step in the overall Pilot Project measures development approach.

Define Pilot Measurement Scope

The first step in defining potential measures was to review key program documents, including the Section 365 language as well as the October 2005 Interagency MOU, to fully understand the key Pilot Project principles, goals, and required measures. These goals and objectives were then used to develop a performance management framework consisting of four distinct performance categories as shown in Table 4. The purpose of the framework is to create a structure that translates the Pilot's goals and objectives into measures.

Table 4. BLM Pilot Project Performance Categories and Descriptions

Performance Category	Description
Increase Interagency Collaboration	Measures the effective coordination and cooperation among permit stakeholder agencies
Improve Business Processes	Measures the functional performance of processes and underlying activities for granting federal permits
Improve Stakeholder Responsiveness	Measures the functioning of employees and business processes by focusing on key stakeholders
Improve Financial Accountability	Uses budgetary resources effectively by ensuring targeted investments and promoting ownership of investments

Specific goals and objectives from Section 365 and the MOU were aligned against the four performance categories to create the performance measurement framework depicted in Table 5.

Table 5. Alignment of Pilot Project Goals and Objectives to Performance Categories

Increase Interagency Collaboration	Improve Business Processes	Improve Responsiveness to Stakeholders	Improve Financial Accountability
• Identify new or improved interagency collaborative practices to increase efficiency • Improve interagency data sharing and utilization • Test and assess a variety of interagency process improvements • Create better working relationships among participating agencies	• Increase field office resources to process APDs, sundry notices, and ROWs in a more timely and consistent manner • Increase field office resources to improve I&E activities • Adopt improved APD, sundry notice, ROW, and I&E business processes to improve field office productivity and flexibility	• Create a more consistent permitting approach among BLM field offices and greater certainty in processing time • Maintain high standards for permitting, compliance, and environmental protection to help lessen decision appeal or litigation • Promote responsible stewardship of federal subsurface and surface resources	• Place Section 365 funding resources where it will provide the best return • Assess business processes to determine time and resources expended by such efforts • Identify best business practices to be applied to other field office locations where a beneficial return is desired

Design Performance Measures

In this step, data were collected from a number of BLM sources to create an inventory of performance measures used in the APD and I&E processes. These data were then analyzed and applied to the measures framework designed in the previous step to align current measures with the Pilot Project's goals and objectives. During the alignment process, gaps were identified in the current measures, which were addressed by identifying and designing new candidate measures.

Once the existing measures were placed into the proposed framework, a "good measures test" was applied to determine whether each measure provided insight into, or enhanced understanding of, how well the APD or I&E process was being managed with respect to the Pilot Project's goals and objectives. The good measures test was also used to identify measures for the critical activities involved in the APD and

I&E processes. For the Pilot Project, critical activities are those that significantly impact the total APD application process as well as BLM's management priorities and strategic goals.

After unsuitable candidate measures were excluded from the set, replacement measures were identified that better fit the Pilot Project's goals and objectives and contributed to providing a more holistic view of Pilot Project performance. The initial proposed measures set were then documented in a measures catalog that included key measures metadata including the measure name, alignment to specific Pilot Project goals and objectives, calculation formulas, periodicity, and other key data elements. Appendix 4 contains the completed data dictionaries for the Pilot Project.

Test and Refine Initial Measures

After development, the initial measures were evaluated through a series of field office site visits. Each Pilot Project office was visited, and the measures set was presented for review and comment. Input and feedback was received on the measures through interviews from a cross-functional set of personnel in each field office consisting of managers, supervisors, APD and I&E functional specialists, and other field office staff. Using the feedback from the site visits, the initial measures set was refined to complete the measures design process. Table 6 below lists the final set of performance measures that will be used initially for the Pilot Project. A detailed description of each performance measure is provided in the data dictionary found in Appendix 4.

Table 6. Pilot Project Performance Measures by Performance Category

Pilot Performance Measures		
#	Measure	Measure Description
Increase Interagency Collaboration		
1.1	Number of well permits requiring interagency consultation	Count of number of federal APD well permits that require formal consultations from one or more Pilot Project participating agencies
1.2	Elapsed time to complete the consultation	Average number of days a participating Pilot Project agency takes to complete its consultative review as part of a federal permit application
1.3	Number of programmatic consultations completed	Count of the total number of programmatic consultations completed by each participating Pilot Project agency
1.4	Number of process improvement ideas implemented	Number of process improvement ideas implemented during the Pilot Project period to enhance efficiency of the interagency work
1.5	Estimated dollar amount saved by the new processes	Measure of the direct and indirect dollar savings in allocated budgetary resources and employee level of effort every three months resulting from new or enhanced processes within the Pilot Project participating agencies
Improve Business Processes		
2.1	Number of APDs received	Number of federal APDs received by a pilot office per quarter as reported on APD.22—APD Status Report
2.2	Number of APDs processed	Number of federal APDs processed by a pilot office per quarter as reported on APD.22—APD Status Report. APDs processed can be either approved or have other disposition. Final disposition can be either approved or otherwise acted upon
2.3	Number of APDs approved	Number of federal APDs approved by a pilot office per quarter as reported on APD.22—APD Status Report. APDs processed can be either approved or other disposition
2.4	Number of APDs pending	Total number of federal APDs that are classified as work in progress and/or have not been approved per quarter
2.5	Percentage of APDs processed within time frames	Percentage of federal APDs processed within the BLM APD processing time standard (30 days)

Pilot Performance Measures		
#	Measure	Measure Description
2.6	Average APD processing time	Average federal APD processing time from date of receipt of a completed APD until date of final disposition by BLM per quarter
2.7	Number of approved APDs drilled	Number of federal APDs approved by a pilot office that have been drilled per quarter as reported on APD.22—APD Status Report. APDs processed can be either approved or other disposition
2.8	Number of sundry notices received	Number of federal sundry notices received by a pilot office per quarter
2.9	Number of sundry notices processed	Number of federal sundry notices processed by a pilot office per quarter
2.10	Number of ROW applications received	Number of ROW applications received by a pilot office per quarter (for oil and gas related ROWs)
2.11	Number of ROW applications processed	Number of ROW applications processed by a pilot office per quarter (for oil and gas related ROWs)
2.12	Number of NEPA analyses conducted (e.g., EAs, EISs, CXs)	Number of CXs conducted every three months for NEPA analysis or surface use plans
2.13	Number of inspections performed	Number of federal inspections performed by a pilot office by quarter as reported on IEP.49 Report
2.14	Percentage of I&E strategy accomplished	Percentage of I&E federal strategy accomplished. See first page of IEP.49 Report, Percentage of Planned YTD
2.15	Amount of under-reported gas/oil production (volume)	Volume estimates of under-reported oil or gas produced by operators on federal land through APDs
Improve Stakeholder Responsiveness		
3.1	Number of outreach meetings conducted	Count of the number of outreach meetings conducted per Pilot Project office
3.2	Percentage of permits where pre-planning, pre-permit/pre-application support is conducted with project proponent	Percentage of total federal permits processed where pre-planning support was conducted
3.3	Number of Decision Appeals completed	Count of the number of decision appeals completed per Pilot Project office, including BLM State Director appeals, Interior Board of Appeals, and Federal Court cases
3.4	Percentage of leases inspected in substantial compliance with applicable standards	Percentage of federal leases inspected in substantial compliance with applicable standards as reported on IEP.13 and IEP.48
3.5	Number of environmental I&E violations	Number of federal environmental violations in Pilot Project offices
3.6	Percentage of environmental violations corrected within statutory time frames	Percentage of federal environmental violations that are corrected within the proscribed time period as stipulated by the violation type. Violations may have 24-hour, 30-, 60-, or 90-day correction time frames
3.7	Number of technical I&E violations	Number of federal technical violations as reported on IEP.49 and IEP.60
3.8	Percentage of technical violations corrected within statutory time frames	Percentage of federal technical violations that are corrected within the proscribed time period as stipulated by the violation type. Violations may have 24-hour, 30-, 60-, or 90-day correction time frames
Improve Financial Accountability		
4.1	Unit cost per APD	Average unit cost to process a federal APD
4.2	Unit cost per sundry notice	Average unit cost to process a federal sundry notice
4.3	Unit cost per ROW	Average unit cost to process a ROW (for oil and gas related ROWs)
4.4	Unit cost per Inspection	Average unit cost to conduct a federal inspection

Identify Implementation Needs

In the final step, a Performance Measures Attribute Matrix (Appendix 5) was developed that identifies, for each performance measure, the most critical data views and performance data drill-downs for the purpose of analyzing and reporting on the Pilot Project's results. For each measure, it was also determined whether the data would be collected through automated/electronic or manual processes. The definitions of the measures' attributes are contained in Appendix 6.

Also developed was a data collection approach for the Pilot Project that included designating data collection points of contact for each Pilot Project office and participating federal agency, and developing procedures and processes for collecting data for Pilot Project performance reports.

6.2 YEAR ONE PILOT PROJECT RESULTS

6.2.1 Year One Pilot Project Performance Results

Current Data Collection and Reporting Environment

This section presents the FY 2006 performance results for the Pilot Project. All results displayed were collected from BLM data sources in October 2006, and span the period of October 1, 2005, through September 30, 2006. Where available, the tables and figures below display performance trend data that include the full fiscal years of FY 2003, FY 2004, and FY 2005, and FY 2006.

Readers should be aware of the current data collection and reporting environment in several of the Pilot Project offices. AFMSS, which is the primary information system used to track and monitor the APD permit processes, was shut down on April 8, 2005, in response to security measures associated with the *Cobell* litigation. From April 8, 2005, to September 2005, all 31 BLM field office AFMSS databases were offline. Access to AFMSS was returned to 21 offices in September 2005. Ten offices remained offline because they contained Indian data (Miles City, Vernal, Farmington, Tulsa, Durango, Milwaukee, Dickinson, Great Falls, Lander, and Rio Puerco). For the ten remaining offices, AFMSS data were "split" into federal and Indian. A new database was created for those ten offices that is called NIAFMSS (Non Indian AFMSS). Access to NIAFMSS was restored to those ten offices on August 2, 2006, with federal data only. The three Indian Pilot Project offices—Miles City, Vernal, and Farmington—do not have current federal data in NIAFMSS as a result of being offline for an extended period of time, leading to a data entry backlog. The completion of the backlog data entry is anticipated to take six to eight months. Readers should also note that data reported for Glenwood Springs also contain the data for the Grand Junction Field Office because theirs is a combined database. During the project, BLM will work toward developing an approach to reporting only the results for the Glenwood Springs Field Office.

Finally, because some of the Pilot Project measures are new performance measures, no prior year performance data (i.e., FY 2003 to FY 2005) will be available. In addition, for the new measures, it will be necessary to work closely with the field offices and the participating agencies to establish data collection policies and procedures for the new measures.

6.2.2 Interagency Collaboration Results

Pilot project results for all interagency collaboration measures were not available at the time of this report's writing. BLM is working with each of the Pilot Project offices and the participating agencies to implement data collection policies and procedures and to be included in the 2-year report.

6.2.3 Business Process Results

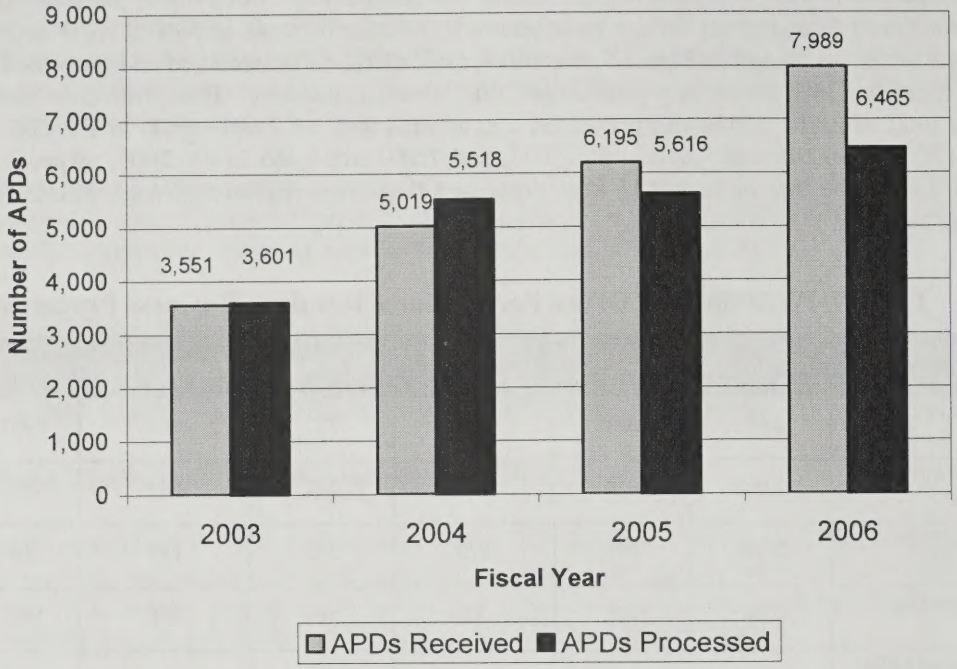
Table 7 displays the year one performance results for several key Pilot Project performance measures. Overall, the seven Pilot Project offices have seen a significant increase in federal APD activity over the past several years. As shown in Figure 3, the number of federal APDs received and processed by the Pilot Project offices has increased every year since 2003. Overall, the seven Pilot Project offices received a combined total of 3,551 APDs and processed a combined total of 3,601 APDs in FY 2003; 5,019 and 5,518 in FY 2004; 6,195 and 5,616 in FY 2005; and 7,989 and 6,465 in FY 2006, respectively. For FY 2003 and 2004, note that more APDs were processed than were received through efforts to alleviate a processing backlog.

Table 7. FY 2006 Pilot Office Performance Results—Business Processes

Performance Measure	Buffalo	Rawlins	Glenwood Springs[c]	Carlsbad[c]	Farmington	Vernal	Miles City
Number of APDs received	3,889	284	335	771	900	1,462	348
Number of APDs processed	2,963	319	284	809	993	984	113
Number of APDs approved	2,448	220	275	743	947	934	112
Number of APDs pending	1,945	301	84	109	365	1429	417
Percentage of APDs processed on time	71%	30%	78%	59%	N/A	N/A	N/A
Average APD total elapsed processing time (calendar days)	186	283	49	87	N/A	N/A	N/A
Number of approved APDs drilled	1,810	183	167	362	796	881	123
Number of Sundry Notices received	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Sundry Notices processed	3,547	1,564	986	3,844	5,803	5,663	1,060
Number of ROWs received	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of ROWs processed	273	407	61	464	829	174	78
Number of NEPA analyses conducted	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Inspection Strategy completed	93.6%	115.4%	92.8%	94.2%	106.2%	81.5%	79.7%
Number of inspections performed	3,049	669	217	2,336	2,421	700	464
Amount of under-reported oil/gas production volume	10,942,093[a] 59,373[b]	5,762[a]	2,193[a]	2,534,021[a] 133,649[b]	N/A	N/A	N/A

Note: [a] denotes volume units as thousands of standard cubic feet (mcf) of natural gas.
[b] denotes volume units as barrels (bbls) of oil.
[c] Glenwood Springs data does not include Grand Junction. Carlsbad data includes the Hobbs Inspection Office.

Figure 3. Federal APDs Received Versus APDs Processed by Pilot Project Offices



Similarly, the rate of federal sundry notices and ROW applications processed by the Pilot Project offices has also increased steadily since 2003. As shown in Figure 4 below, the seven Pilot Project offices processed 15,818 sundry notices and 1,249 ROW applications in FY 2003; 19,079 and 1,687 in FY 2004; 21,487 and 1,899 in FY 2005; and 22,467 and 2,286 for FY 2006.

Figure 4. Federal Sundry Notices and ROW Applications Processed by Pilot Offices

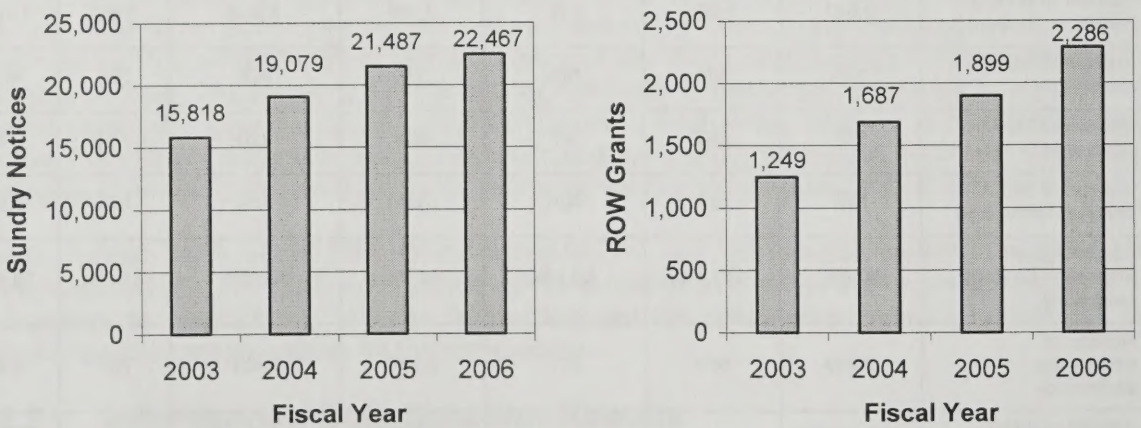
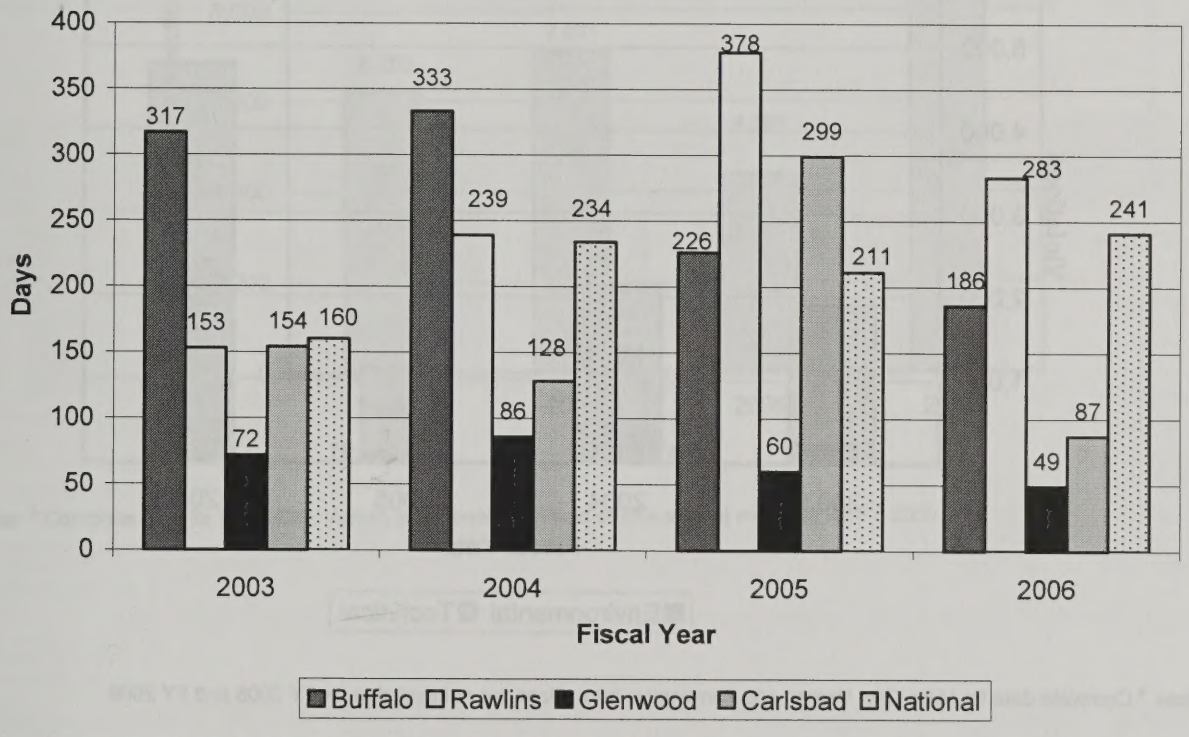


Figure 5 shows the average processing time from date of receipt of the APD to the date of approval for four of the Pilot Project offices compared with the national average for each of four fiscal years (2003 to 2006). Data were not consistently available for the Miles City, Vernal, and Farmington offices due to the AFMSS situation. The final year one results will be used as a benchmark for the Pilot Project in order to measure how process improvement activities and the collocation of interagency resources improve APD processing time. In addition, the pilot program will include a new measure for the average processing time once a completed APD application is received from the operator. Because this is a new measure, data for the three years preceding the pilot may not be available; however, BLM is working with the pilot offices to determine whether accurate and reliable data are available for this measure in AFMSS (both NIAFMSS and Indian AFMSS [IAFMSS]) or other sources.

Figure 5. Average APD Processing Time[a] in Pilot Offices[b]



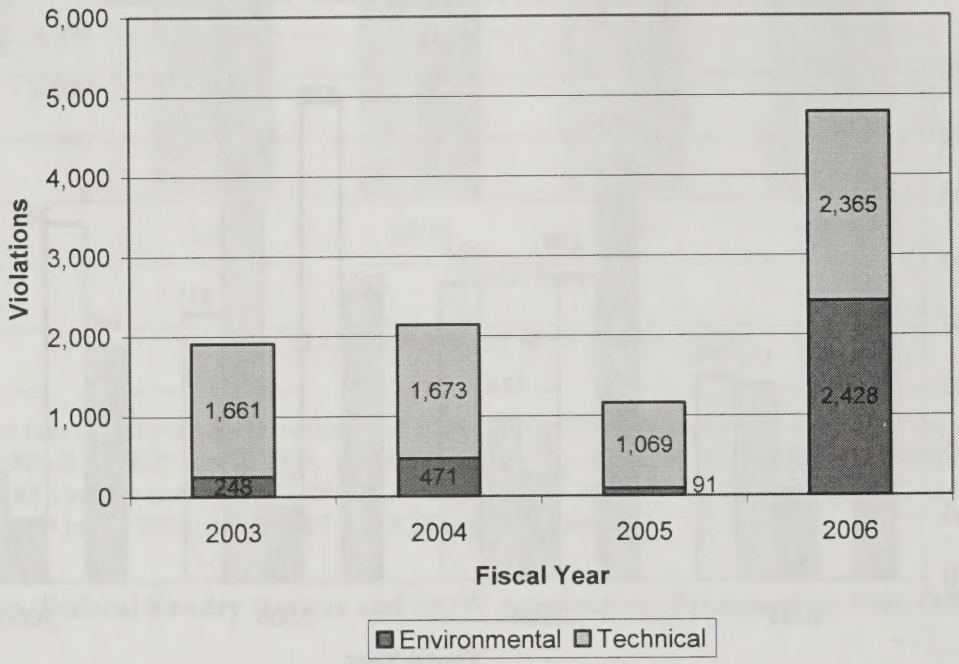
Note: [a] From date of receipt of the APD to date of approval.
[b] Complete data for Miles City, Vernal, and Farmington field offices are not available for FY2005 and FY 2006.

Finally, Pilot Project results for some business process measures were not available at the time of this report's writing because the AFMSS situation described above or because they were new measures. These measures include the number of sundry notices and the number of ROW grants received and the number of NEPA analyses conducted. BLM is working with each of the Pilot Project offices and the participating agencies to implement data collection policies and procedures for these measures.

6.2.4 Improve Stakeholder Responsiveness Results

Figure 6 illustrates the number of federal environmental and technical violations that have been cited in the Pilot Project offices. This figure does not contain data for the Farmington, Vernal, and Miles City offices for FY 2005 and FY 2006 because those data were unavailable due to the AFMSS situation. While the data set is incomplete, the available results show that since 2004, the total number of technical and environmental violations has more than doubled from 2,144 in 2004 to 4,793 in 2006. In particular, there has been a dramatic increase in environmental violations from 471 to 2,428, a 415% increase.

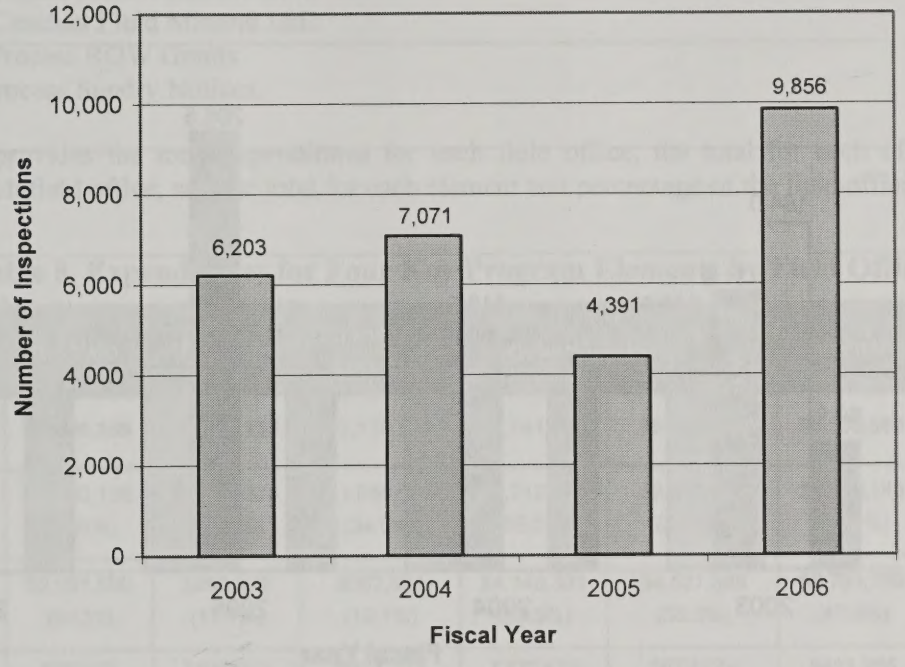
Figure 6. Federal Environmental and Technical Violations for Pilot Offices[a]



Note: [a] Complete data for Miles City, Vernal, and Farmington field offices are not available for FY 2005 and FY 2006.

Figure 7 below details the number of I&E federal inspections that took place in the Pilot Project offices. Again, these data do not contain results for the Miles City, Vernal and Farmington field offices. As indicated, the number of inspections performed is fairly steady over the time period with a small spike in FY 2004.

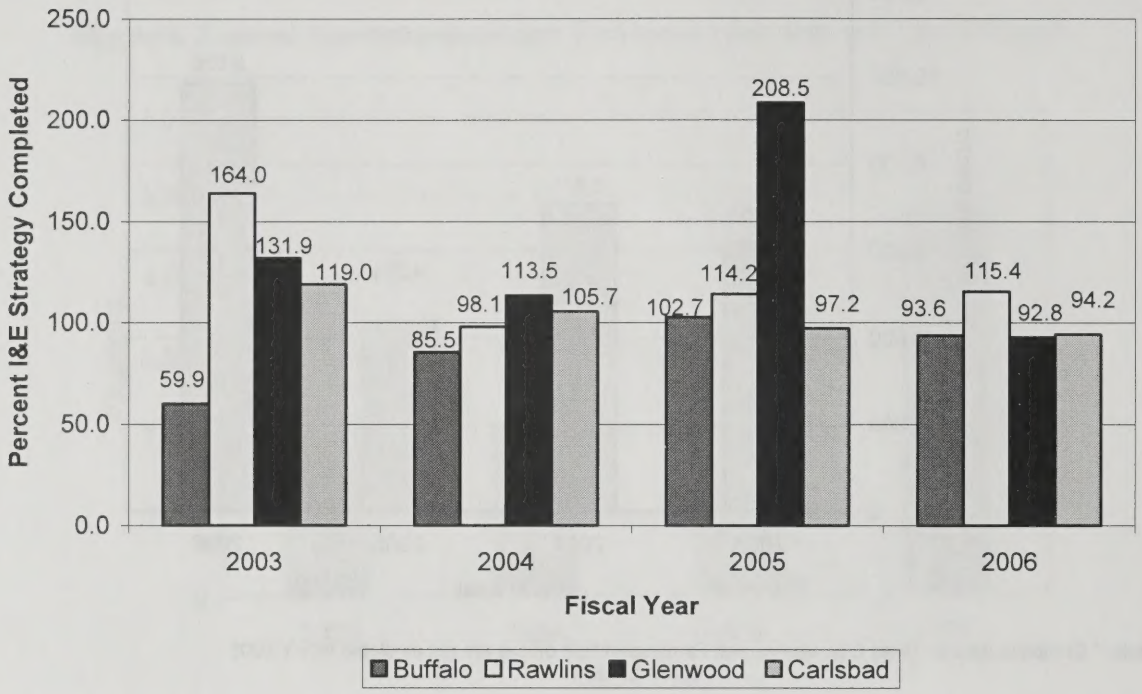
Figure 7. I&E Federal Inspections of Pilot Offices[a]



Note: [a] Complete data for Miles City, Vernal, and Farmington field offices are not available for FY 2005.

Finally, Figure 8 shows the percent of I&E federal strategy completed by the Pilot Project for each of four fiscal years (2003 to 2006). As noted for the four offices shown (Buffalo, Rawlins, Glenwood Springs, and Carlsbad), it is clear that the offices have been able to accomplish a large percentage, if not all or more than, their planned I&E strategy as illustrated where the percentage of I&E strategy completed is greater than 100.

Figure 8. I&E Federal Strategy Completed[a]



Note: [a] Complete data for Miles City, Vernal, and Farmington field offices are not available for FY 2005 and FY 2006

Together, Figure 6, Figure 7, and Figure 8 demonstrate that while violation citations have remained rather steady, the offices have been doing a good job conducting inspections, sometimes to the point where they have often exceeded the number of inspections planned for the year.

As noted for other measures, results for several stakeholder responsiveness collaboration measures were not available at the time of this report's writing.

6.2.5 Financial Accountability

The data presented in this section were provided by BLM in October 2006. The data present actual expenditures for major program elements for each of the seven Pilot Project offices between October 1, 2005, and September 30, 2006. Table 8 below displays the expenditures for the following four key program elements:

- EJ—Process Fluid Mineral APDs
- NB—Conduct Fluid Mineral I&E
- ER—Process ROW Grants
- FJ—Process Sundry Notices.

Table 8 also provides the total expenditures for each field office, the total for each of the four key elements in each field office, and the total for each element and percentage of the field office total.

Table 8. Expenditures for Four Key Program Elements by Field Office

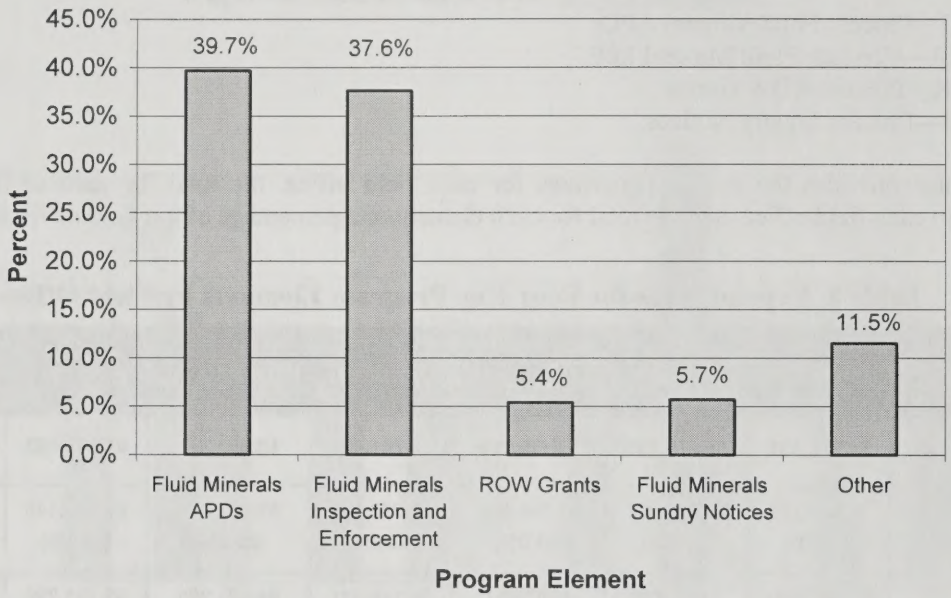
Program Element Name	Buffalo	Rawlins	Glenwood Springs[b]	Carlsbad[b]	Farmington	Vernal	Miles City
TOTAL Actuals	**$8,785,359**	**$5,610,135**	**$3,176,750**	**$7,741,900**	**$8,993,367**	**$6,983,053**	**$4,426,583**
Process Fluid Minerals APD (EJ)	$4,530,129 (51.6%)	$3,400,376 (60.6%)	$1,080,564 (34.0%)	$2,712,395 (35.0%)	$2,330,073 (25.9%)	$3,008,143 (43.1%)	$1,095,388 (24.7%)
Conduct Fluid Mineral I&E (NB)	$2,991,590 (34.31)	$993,878 (17.7%)	$607,651 (19.1%)	$4,140,331 (53.5%)	$4,521,388 (50.3%)	$2,791,799 (40.0%)	$1,156,544 (26.1%)
Process ROW Grants (ER)[a]	$76,633 (0.87%)	$336,703 (6.0%)	$601,333 (18.9%)	$220,529 (2.8%)	$677,674 (7.5%)	$411,205 (5.9%)	$160,015 (3.6%)
Process Sundry Notices (FJ)	$410,058 (4.7%)	$221,537 (3.9%)	$192,910 (6.1%)	$367,536 (4.7%)	$491,937 (5.5%)	$500,107 (7.2%)	$442,966 (10.0%)
Key Program Element Total and Percentage of Field Office Total	**$8,008,410 (91.2%)**	**$4,952,494 (88.3%)**	**$2,482,458 (78.1%)**	**$7,440,791 (96.1%)**	**$8,021,072 (89.2%)**	**$6,711,254 (96.1%)**	**$2,854,913 (64.5%)**

Note: [a] Results for Process ROW Grants (ER) include YTD actuals to process all ROW application (case) types in each Field Office. The funding shown includes only appropriated amounts. Additional funds from cost recovery were also used. These amounts vary by field office.
[b] Glenwood Springs data does not include Grand Junction. Carlsbad data includes the Hobbs Inspection Office.

In year one, processing APDs and conducting I&E activities account for the largest proportion of expenditures. Figure 9 shows the cumulative percentage of FY 2006 Pilot Project expenditures for all field offices, which is almost equally distributed between APDs (39.7 percent) and conducting I&E activities (37.6 percent). At the field office level, Rawlins and Buffalo field offices committed the highest percentage of their budgets to processing APDs, 60.6 percent and 51.6 percent, respectively, while Miles City had the lowest result for this program element, at 24.7 percent. Miles City spent a significant portion of its Pilot Project funding to complete a Supplemental EIS stemming from a current U.S. District Court injunction that prevents the Miles City Field Office from approving any applications for CBNG

production in the Powder River Basin. The two New Mexico offices in Carlsbad and Farmington had the highest result for I&E activities at 53.5 percent and 50.3 percent, respectively, while Rawlins only used 17.7 percent of its budget on these activities.

Figure 9. Percentage of Key Program Element Spending for Pilot Project—FY 2006



The processing of ROW grants accounted for just over five percent of total expenditures, while slightly less than six percent was dedicated to the processing of sundry notices. The remaining funding (11.5 percent) was used for a variety of activities across the individual field offices based on local needs, conditions, and requirements.

The sections below provide expenditure highlights for each field office as well as trend data for unit costs for APD processing and inspections completed for FY 2003 through FY 2006. Trend data for the Miles City, Vernal, and Farmington pilot offices were not available because of the previously described issues affecting AFMSS in FY 2005 and FY 2006.

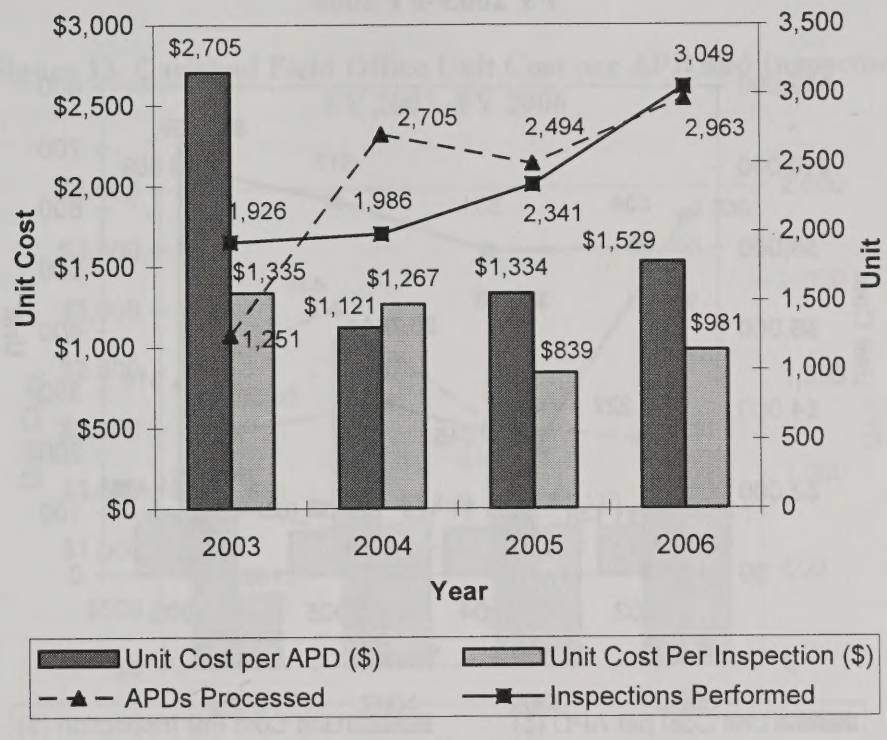
6.2.6 Buffalo

In the Buffalo Field Office, the four key program elements account for 91.2 percent of all year-one expenditures. Buffalo also spent significant funds ($715,883) to inventory and monitor water resources in FY 2006 based on conditions related to the Powder River Basin EIS for oil and gas development in its area. As part of that EIS, the Buffalo Field Office agreed to conduct extensive water quality monitoring activities related to the increased production of coalbed natural gas (CBNG). Buffalo began some of these monitoring projects in FY 2005 but that funding was unavailable in FY 2006. In its Section 365 budget request, BLM included funding for Buffalo's Pilot Project budget to accommodate these monitoring needs and allow that office to conform to its EIS requirements.

Figure 10 shows that during the three years prior to the pilot, the unit cost per APD for the Buffalo Field office declined by approximately 50 percent as a result of the completion of the Powder River Basin Oil

and Gas EIS and subsequent initiation of well permit approvals. Unit costs per inspection have been fairly constant.

Figure 10. Buffalo Field Office Unit Cost per APD and Inspection FY 2003–FY 2006

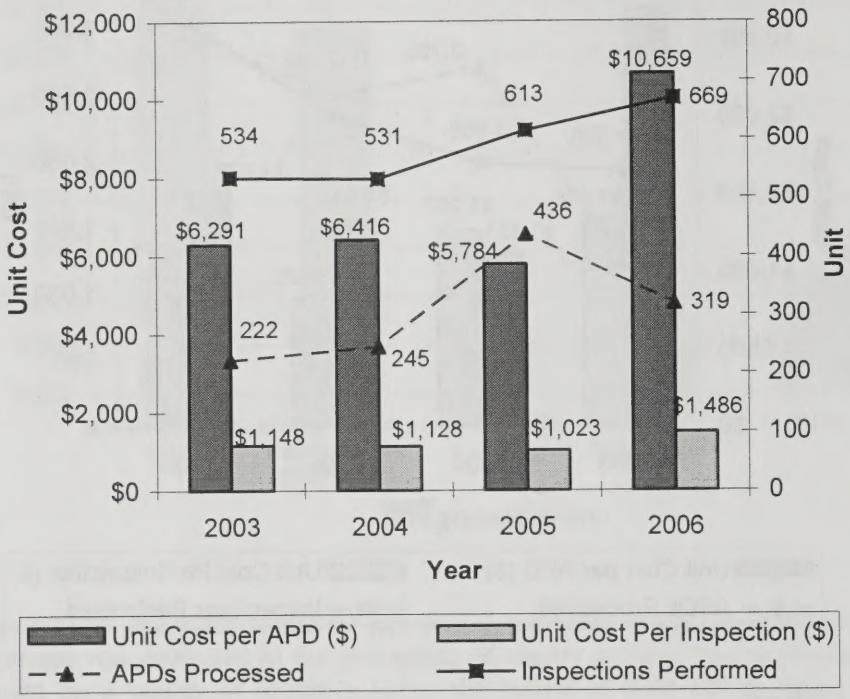


6.2.7 Rawlins

The Rawlins Field Office committed over 88 percent of its Pilot Project funds to the four key program activities. In addition, Rawlins is working to prepare an updated RMP that will provide overall management direction for the resources administered by the office. The Rawlins RMP Revision and EIS will replace the existing Great Divide RMP to address policy and management changes resulting from changing conditions and demands on the area's resources. In addition, updating the RMP will also enable Rawlins to make use of the CX process under NEPA, which in turn should streamline the APD permitting process and generate efficiencies in future years.

Figure 11 shows that during the three years prior to the pilot, the unit cost per APD for the Rawlins Field Office was fairly constant. In 2006, with the hiring of additional pilot staff for APD processing, the unit cost has nearly doubled due to the five pending oil and gas EISs that have constrained the number of permits that can be approved. Unit cost per inspection has been fairly constant.

Figure 11. Rawlins Field Office Unit Cost per APD and Inspection FY 2003–FY 2006



6.2.8 Vernal

The Vernal Field Office has used more than 96 percent of its Pilot Project funding for activities in the four key program elements. Other significant expenditures include developing and issuing federal fluid mineral leases and processing geophysical leases, permits, and licenses. These leasing activities are part of each field office's responsibility to make federal lands available for public use. Vernal has also seen a significant increase in fluid mineral development and exploration activities and as a result, the Vernal Field Office needs to permit the necessary geophysical surveys in order to enable potential resource extraction from those areas.

Because of the previously described data problems relating to AFMSS for FY 2005 and FY2006, unit cost trend data for APDs and inspections are not presented at this time.

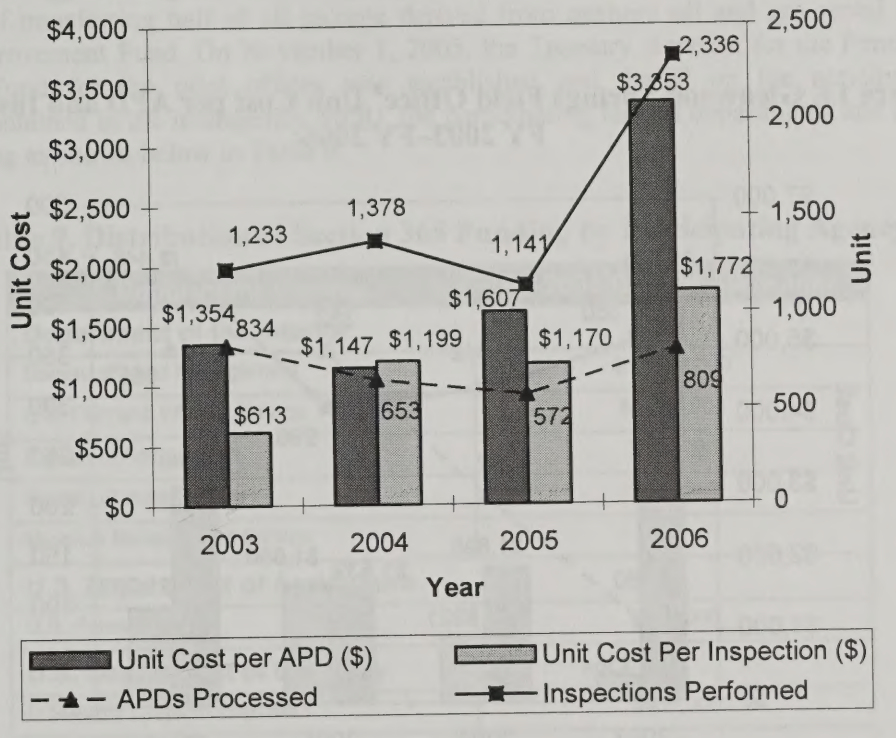
6.2.9 Carlsbad

Aside from the four key program elements (96.1 percent), the Carlsbad Field office had a higher use of program elements related to cultural resources. BLM provided $300,000 to support a cultural resource pilot effort in Carlsbad Field Office. That effort is designed to test a new approach for conducting cultural surveys and to determine whether it would be less expensive to conduct block cultural surveys rather than

surveying a small area specific to each drilling site when APDs are filed. The high density of cultural sites in Carlsbad and the favorable winter weather made the Carlsbad Field office a good place to test the concept.

Figure 12 shows that for FY 2006, unit cost per APD more than doubled from the previous year and unit cost per inspection increased by 51 percent as a result of the hiring of a large number of new pilot office staff.

Figure 12. Carlsbad Field Office Unit Cost per APD and Inspection FY 2003–FY 2006



6.2.10 Farmington

The Farmington Field Office spent 89.2 percent of its funding in FY 2006 on the four key elements. In addition, $467,205 was spent on hiring pilot program support staff, including a dedicated pilot project program manager as well as surface compliance, permitting, and I&E resources.

Because of the previously described data problems relating to AFMSS for FY 2005 and FY2006, unit cost trend data for APDs and inspections are not presented at this time.

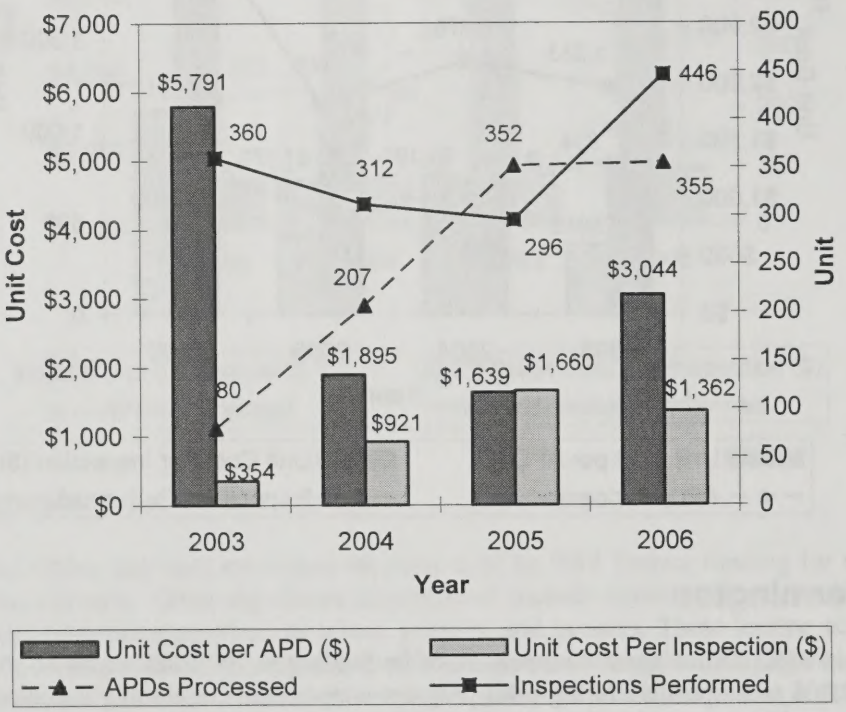
6.2.11 Glenwood Springs

The Glenwood Springs Field Office spent 78.1 percent of its funding in FY 2006 on the four key elements. In addition, $481,507 was delegated to planning for commercial activities. This can be attributed to the Glenwood Springs Field Office's dedication to processing Geographic Area Development Plans (GAPs). GAP processing is used as a major internal measure in that office. NRSs

from Glenwood Springs often meet with operators to educate them on GAP processes and occasionally hold training sessions tailored to the special needs of the operators.

Figure 13 shows combined APD and Inspection accomplishment data for the Glenwood Springs and Grand Junction Field Offices because the data was not separated for FY 2003 through FY 2006. For the three years prior to the pilot, the unit cost per APD for the declined by approximately 72 percent as a result of the completion of GAP documents, which facilitated extremely efficient APD processing for FY 2004 to the current date. The jump in APD unit cost for 2006 is attributable to the hiring of a larger permit processing staff. Unit cost per inspection for FY 2006 increased by approximately 385 percent from FY 2003. This increase is attributed to the Glenwood Springs Pilot Office establishing its own inspection staff, whereas in the past, the Grand Junction Field Office provided inspection support (excluding surface environmental inspections). In addition, Glenwood Springs is now using contracted inspection support services.

Figure 13. Glenwood Springs Field Office[a] Unit Cost per APD and Inspection FY 2003–FY 2006



[a]. Glenwood Springs data includes Grand Junction APD and I&E accomplishments because data for 2003 through 2005 was not separated for each office.

6.2.12 Miles City

The Miles City Field Office used the lowest percentage of its budget on the four key program elements—64.5 percent. Miles City spent a significant portion of its Pilot Project funding to complete a Supplemental EIS stemming from a current U.S. District Court injunction that prevents the Miles City Field Office from approving any applications for CBNG production in the Powder River Basin. The

Miles City Field Office also spent approximately $300,000 to improve and expand its office space and facilities.

Because of the previously described data problems relating to AFMSS for FY 2005 and FY 2006, unit cost trend data for APDs and Inspections are not presented at this time.

6.3 INTERAGENCY FUNDING

Under the provisions of Section 365 of the Act, the MMS, the Minerals Revenue Management Division is responsible for collecting, accounting, and distributing resources for the Permit Processing Improvement Fund. Section 365(g) of the Act states that the Minerals Revenue Management Division has the responsibility of transferring half of all income derived from onshore oil and gas rental to the Permit Processing Improvement Fund. On November 1, 2005, the Treasury Account for the Permit Processing Improvement Fund for the pilot offices was established and, based on the anticipated resource requirements contained in the interagency MOU, the participating federal departments and agencies were allocated funding as shown below in Table 9.

Table 9. Distribution of Section 365 Funding by Participating Agency

Department/Agency	FY 2006 Budget Allowance
Department of the Interior	
Bureau of Land Management	$16,000,000
U.S. Fish and Wildlife Service	$2,135,000
Bureau of Reclamation	$725,000
Bureau of Indian Affairs	$100,000
Minerals Management Service	$0
U.S. Department of Agriculture	
U.S. Forest Service	$885,000
U.S. Department of the Army	
U.S. Army Corps of Engineers	$455,000
Environmental Protection Agency	$0

EPA did not anticipate funding for collocating resources in the Pilot Project offices because a significant portion of EPA's responsibilities relate to the CWA and the CAA, as they pertain to the APD permitting process and are authorized to be administered by the respective states.

At the time of the writing of this report, data were not available for the expenditures and Pilot Project results of the participating agencies, with the exception of BLM. BLM is working with the other agencies to identify their respective financial performance data and to provide greater detail on Pilot Project expenditures.

6.4 PILOT INNOVATIONS

The Pilot Project offices have implemented a number of innovative approaches including:

- Improvements to and greater use of comprehensive strategies to more efficiently process permits
- Improved support for stakeholder responsiveness
- Greater use of contract services
- Development and application of critical information technology (IT)
- Renewed focus on human resources
- Improved interagency consultation and coordination (described separately in detail in Chapter 7)

6.4.1 Comprehensive Strategies

The pilot offices are taking necessary steps to work with local oil and gas operators and other federal and state surface management agencies to fully utilize comprehensive drilling plan and geographic area NEPA analysis strategies, which has resulted in greater numbers of APD approvals and better management of the resources entrusted to BLM and other Surface Management Entities (SMEs). The following permit submission strategies are being utilized by the pilot offices and Industry either as individual processes or in combination thereof:

- Plan of Development (POD)—Multiple APD Package with Master Drilling and Surface Use Plan
- Geographic Area Development Plan (GAP)
- Standard Operation Practice (SOP) Agreement
- Geographic Area NEPA.

The following describes the status of the use of the comprehensive strategies by various pilot offices.

Plans of Development (PODs)

A POD is a multiple APD package submission format including a master drilling plan addressing two or more APDs that share a common 8-Point Drilling Program, 13-Point Surface Use Program, and plans for future production. A POD is prepared for a planned cluster of wells and facilities in close proximity.

The POD process was originated seven years ago in the Buffalo Field Office. Since that time, the POD process has also been adopted by the Miles City and Rawlins field offices. Pre-pilot implementation of the POD process by these offices provided a running start toward more efficient APD processing. The POD process was established to address the large volume of CBNG APDs as submitted by individual CBNG operators. These pilot offices have continued to improve the POD process through the creation and utilization of APD/POD data submission guidelines and associated data forms. As an example in the Buffalo Pilot Office, the average POD approval timeline has been reduced from approximately 350 days to about 90 days when a complete POD submission is received.

Geographic Area Development Plans (GAPs)

The GAP is the result of comprehensive development planning for a proposed or defined oil and gas field or other limited geographic area within a field. The oil and gas operator and BLM work together to establish a development strategy that meets the environmental management needs of BLM and the economic needs of the company.

The GAP process was originated nine years ago in the Glenwood Springs Field Office as a comprehensive APD strategy. Since its implementation in Glenwood Springs, BLM has continued to refine and improve the GAP process. For example, the use of a single process to complete both FLPMA and Mineral Leasing Act ROW grants located within the same area within a GAP (previously completed separately). The Vernal Pilot Office is now adopting the GAP process.

Standard Operating Practice (SOP) Agreements

SOP agreements are written agreements between BLM and one or more oil and gas operators. SOP agreements identify the practices the operator(s) will use in conducting the 8-Point Drilling Program and 13-Point Surface Use Program for an entire oil and gas field or for a geologic formation. These agreements can also include practices necessary for managing production activities, including disposal of produced water, venting, flaring, tank batteries, pipelines, and compressor sites. SOP agreements typically are initiated and improved through the sundry notice process, stand-alone agreements, or agreement letters.

The SOP agreement process originated nine years ago in the Vernal Field Office. Vernal is in the process of updating and automating existing SOP agreements to address new practices and procedures as well as to provide such automated data for surface management and I&E personnel.

Section 390 Categorical Exclusions (CXs)

Section 390 of the Energy Policy Act of 2005 establishes statutory CXs, which can be used under NEPA, that apply to five categories of oil and gas exploration and development on federal oil and gas leases (BLM WO IM No. 2005-247). The seven pilot offices are using the Section 390 CX process for APD and ROW processing. An analysis of CXs will be developed during year-two of the pilot and will be included within the Year-Two and Year-Three Pilot Reports.

Large Areal Extent (Block) Surveys for Cultural and Wildlife Resources

The pilot offices have used, to a large extent, Section 106 cultural and Section 7 wildlife block surveys to streamline resource protection reviews performed during oil and gas permitting. As examples:

- The Carlsbad Pilot Office is conducting a block cultural resource survey, referred to as the Pierce Canyon Project, on approximately ten square miles southeast of Carlsbad. The purpose of the large block survey is to identify cultural sites, determine which sites need to be protected and inventoried, and perform site data collection. Once the block survey is complete, future APDs within the survey boundary would not require additional cultural resource surveys. Other pilot offices are using this cultural resource protection approach.
- Nearly all of the pilot offices have worked to complete biological opinions for block survey areas, for specific threatened and endangered (T&E) species. This work curtails the amount of time and effort required to obtain site specific clearance and delineation of necessary protection and mitigation requirements.
- The Rawlins Field Office participates with other federal and state agencies in a program called *Monitoring Without Borders*. The purpose of the program is to monitor wildlife species without respect to political boundaries and to gather information to map several types of wildlife habitat. As a result of the *Monitoring Without Borders* collaboration, wildlife biologists discovered that the population of mountain plover was higher than anticipated, which kept the species from being listed as a T&E species.

Chapter 7 provides additional detail with regard to Section 106 and Section 7 interagency collaboration.

6.4.2 Improving Responsiveness to Stakeholders

Over the last few years, especially during the first year of the pilot study, the pilot offices have been working aggressively toward improving responsiveness to stakeholders, primarily Industry stakeholders. This effort has taken the form of providing operator pre-permit planning support with the objective of

improving the quality of permit submissions to BLM, thereby saving BLM and Industry time and effort. Another instance of improved stakeholder responsiveness is the use of improved surface compliance monitoring. In addition, a third major example of stakeholder responsiveness is the hosting of periodic operator outreach meetings that provide permitting and compliance information, training, and a forum for the identification of issues.

Pre-permit Planning Support

The pilot offices have recognized the critical need to initiate early pre-permit resource protection and issue coordination work with operators to help effect good on-the-ground facility planning in a manner that will improve the quality of permit submissions (i.e., APDs, PODs, GAPs, and ROWs) As a result, the pilot offices are:

- Working up to a year in advance of permit submissions with Industry on oil and gas developments
- Increasing the number and the type of team members who go on onsite visits before permit submissions are sent to BLM, with the objective of identifying resource protection requirements as early as possible in the permitting process
- Conducting weekly NEPA review meetings and operator initial meetings (OIMs), which facilitates continuous progress toward completing permit-related actions
- Developing operator permit submission guidelines to aid in the completion of more complete and higher quality permit submissions.

Surface Compliance Monitoring

A substantial success at the Farmington Pilot Office during year one of the pilot are the on-the-ground results from the establishment of an aggressive surface compliance and monitoring program. Farmington has made it a priority to perform surface compliance inspections before, during, and after *every* surface disturbance action occurring within its field office. As a result of this aggressive on-the-ground monitoring, Farmington has found a number of problems, and/or violations associated with practices of operator contract personnel. As an example, during well pad construction, new dirt contractors or inexperienced personnel with existing dirt contractors may unknowingly cause damage to other resources because of their unfamiliarity with BLM surface management practices. Farmington has found that if surface compliance staff members are onsite during these activities, BLM is in an immediate position to identify and correct problems as they occur. Previously, surface compliance monitoring was usually conducted after the completion of surface disturbing activities, when damage may have already occurred.

Operator Outreach Meetings

The pilot offices are conducting frequent operator outreach meetings, on-the-ground "tail-gate" training sessions with operator field personnel, participating in Industry/public/local government oil and gas issue working groups, as well as providing presentations at local Industry trade organization conferences. At such gatherings, BLM is in attendance to provide information regarding BMPs and permit data and processing requirements, and to identify and discuss emerging issues. From the pilot office perspective, the Industry has come to rely on such meetings and finds them beneficial. Industry is experiencing a high turnover of staff within its organizations and with contract service personnel. As a result, Industry is looking for frequent education opportunities for new personnel on current BLM policies and procedures.

6.4.3 Contracted Support Services

In the majority of the pilot offices, BLM has found that the use of contract services to support NEPA analysis, cultural resource inventory and protection, assessment of operator compliance, and support for GIS technology and data, have resulted in improved permitting and compliance processing. The pilot offices strongly agree that continued or expanded use of contractor support services is an important tool to allow BLM to meet increased workloads. In a limited number of offices, Industry has capitalized the cost of contract services available to BLM by sponsoring such services where they are needed. It is important to note that contract service personnel have no delegated authority from BLM to render decisions of approval or authorization of operator actions associated with BLM regulations and orders. Rather, the contract personnel provide their analyses or findings to the authorized BLM officers for subsequent action.

6.4.4 Application of Information Technology

The Pilot Project offices have employed a variety of IT tools to support more efficient permit workload and status tracking, greater automation of major business processes, increased use of GIS capabilities and data, establishment of improved field mobile computing, and finally, the direct use of or system interfacing to state government Internet database systems.

Permit and Project Status Tracking

In 1997, BLM deployed AFMSS to 31 oil and gas field offices. AFMSS was designed to support well permitting, reporting, and approval status tracking, and the I&E processes. AFMSS has yet to be specifically enhanced to support multiple-well project level permitting (PODs and GAPs) or the use of SOP documents. Compounding the lack of these important capabilities, AFMSS has not been available for use by the pilot offices during numerous shut-downs associated with the Cobell lawsuit. As a result, the pilot offices have developed permit and project tracking systems to address these shortcomings and to process permits more efficiently than through manual methods. Examples of permit and project tracking systems developed by the pilot offices include:

- A well permit process tracking system that automatically generates operator correspondence letters (Carlsbad)
- Excel™ spreadsheets to help expedite the work load of LIEs, LLEs and PATs in processing and tracking APDs (Glenwood Springs)
- An Excel™ spreadsheet tracking current consultation with the SHPO, used by archeologists (Miles City)
- Microsoft Access™ databases that support the tracking of APDs, sundry notices, inspections, and Incidents of Non-compliance (INCs) (Farmington)
- A POD tracking system that depicts the amount of time necessary to conduct interagency consultation and the actual operator response times for submission of permit data (Buffalo)
- A rig tracker system that tracks drilling rigs and their equipment configurations (Buffalo)
- Barcode technology on all permit documents to improve the ability to track the location of and the progress of APDs (planned by Vernal)
- A Microsoft Access™ database that links LR2000 (lease/agreement/ROW) to APD information (Rawlins).

Business Process Automation

The pilot offices are gaining substantial insight on the need for IT to support entire business process workflows for permitting. Automated capabilities identified include full electronic submission, review and approved permit processing, automation of the NEPA analysis process using decision support tools, automation of Section 106 cultural processes, and the need to deploy field-capable mobile computing technology to support field inspection and compliance monitoring activities.

The pilot offices expressed a strong need for electronic submission of permit information by the operator, subsequent BLM automated processing, and electronic reply with the approved permit by BLM. Such electronic commerce capabilities were delivered to BLM field offices by the AFMSS/Well Information System (AFMSS/WIS) in 1999. Because of Cobell litigation constraints, AFMSS electronic commerce capabilities have been unavailable to the pilot offices for approximately the last two years. It is important to note that for the five preceding years (from 2000 to 2004), the percentage of all well permits and reports processed by BLM that were submitted by Industry using AFMSS/WIS ranged from less than one percent in 2000 to 24 percent in 2004 The use of electronic commerce by the Industry was growing at a rapid rate before being shut down. The pilot offices have taken upon themselves to identify additional ways for Industry to submit documentation electronically to speed up the APD process.

Full automation of the NEPA analysis process has now been completed by the Buffalo Field Office, using software contractor resources. In addition to supporting NEPA analysis and documentation (EA, CX, and FONSI) generation, the system also supports cumulative impact and COA tracking and monitoring. The Rawlins Pilot Office has been participating in the development of the system and is planning for its use after the completion of initial system testing and acceptance. The USFS Region 2, through the Douglas Ranger District in Douglas, Wyoming, is also planning to use the Buffalo Pilot Office NEPA software and has obtained additional funding to support this endeavor.

In 2003, DOE, under the PUMP III program, provided a project grant to BLM New Mexico and BLM Wyoming, and the SHPOs of New Mexico and Wyoming to develop two automated cultural resources business process systems. The first system, now in use, CRISP, allows an oil and gas operator to query spatially (map) depicted data using Geographic Information System (GIS) technology for a designated project area, a listing of existing cultural surveys, known national historic sites, and predictive indicators of potential buried sites. This system saves Industry time and resources by leveraging prior surveys and conducting new surveys only where needed. CRISP is now being used by BLM New Mexico and BLM Wyoming and by the Industry. The second system, called CRMTracker, was developed to fully automate the submission of completed cultural survey reports to BLM and forwarding of these reports to the respective SHPOs as necessary. CRMTracker is now being used statewide by BLM Wyoming. The Buffalo, Rawlins, and Farmington pilot offices recognize these technologies as having considerable potential to substantially improve the efficiency of the current cultural review process.

In all of the pilot offices, the surface compliance and I&E personnel expressed a strong desire for field-capable mobile computing technology to fully automate the surface management and I&E inspection processes. In 2003 to 2004, the BLM oil and gas program completed a bureau-level AFMSS portable field inspection (PFI) pilot project using laptop/convertible tablet PCs (non-ruggedized and ruggedized). Buffalo, Miles City, Vernal, Farmington, Carlsbad (Hobbs), and Meeker PET personnel participated by identifying field computing requirements and conducting actual field use testing. It was determined that nearly 51 percent of the time spent conducting drilling inspections could be saved through the use of the technology. Field inspectors spent more time in the field doing inspections and much less time in the office completing paperwork. The BLM Washington Office oil and gas program transferred the completed pilot project to BLM's Land and Resources Project Office. The pilot offices have expressed

the desire to restart and expand the mobile computing project to support other inspection types, thereby greatly improving field inspection efficiency and documentation quality.

Geographic Information Systems (GIS)

All of the pilot offices are applying GIS technology to varying degrees to support permitting. The majority of offices are using GIS data in advanced ways to support their work on a daily basis. Examples include the following:

- Publishing BLM resource, lease stipulation, and land status GIS-based information on CD-ROM for use by Industry to improve the quality of permit submissions and to minimize resource conflicts (e.g., oil and gas, potash development conflicts, etc.) (Carlsbad).
- Partnering with the University of Wyoming Ruckleshaus Environmental Institute and other state and federal agencies to complete a GIS-based Website of CBNG information, which is available to Industry and the public (Buffalo).
- Requesting operators to electronically submit most of their proposed project information depicted as GIS coverages (Glenwood Springs).
- Discussing the possibility of using ESRI's ArcIMS software (web-based GIS mapping) in a manner that would allow operators to digitize proposed permit infrastructure online in real time or through the uploading of existing GIS files to BLM for subsequent processing (Farmington).
- Developing a predictive model on the Roan Plateau to help with improving APD processing (Glenwood Springs).
- Preparing a Cultural Landscape Overview (Class I) using cultural specialists to speed up the APD process (Miles City).
- Providing lease stipulation GIS coverages for hosting on the Wyoming Oil and Gas Conservation Commission (WOGCC) map server for use by Industry (Buffalo).
- Initiating the use of the GIS capabilities with the SHPO CRMTracker and CRISP GIS tools in New Mexico and Wyoming (Buffalo, Rawlins, and Farmington).
- Using commercially developed ArcGIS technology to allow field staffs to easily generate up-to-date oil and gas field maps with a few mouse clicks (Buffalo).
- Under the auspices of the Governor of Wyoming's Energy Permit Strengthening and Streamlining initiative, developing an interagency GIS-based data sharing prototype as a cooperative effort among the Wyoming DEQ, the Wyoming State Engineer's Office (SEO), WOGCC, and the Buffalo Pilot Office to support CBNG project permitting. The Wyoming legislature has appropriated $1.8 million toward the development of an interagency web-based CBNG e-permitting portal.

Interfacing with State Agency Commissions

All of the pilot offices have developed close working relationships with the state oil and gas commissions and other state agencies, including state DEQs and game and fish agencies. These working relationships have evolved to the establishment of MOUs with associated protocols that support data sharing between agencies. In some cases, these MOUs need to be updated to address system-to-system interfacing, system security, and system integrity and availability requirements. As an example, the use of electronic state oil and gas commission systems to view and manipulate BLM well data has become mission critical for BLM oil and gas offices, specifically the pilot offices because of their large workloads.

In New Mexico, the Farmington and Carlsbad field offices would like to expand data sharing and co-development and utilization of systems (e.g., the use of risk based data management systems [RBDMS]) with the New Mexico Oil Conservation Division (NMOCD). A similar situation exists between BLM Wyoming and the WOGCC. This new dynamic has serious implications with regard to BLM's oil and gas

IT support infrastructure, principally related to the pilot offices. Now emerging is the need to develop system security and data sharing agreements between BLM and these state agencies to allow system interfacing to continue and expand.

The need for electronic data exchange standards for use among Industry, BLM, and the state agencies is also becoming very apparent. Work has been underway under the auspices of the American Petroleum Institute, which has now completed a second generation data exchange standard using Extensible Markup Language (XML) for well permits and reports for use between the Industry, state commissions, MMS offshore, and BLM onshore. As mentioned above, data sharing between Industry, BLM, and the state agencies using data exchange standards greatly reduces the time and cost required by all parties to share such data.

6.4.5 Human Resources

To expedite the hiring of additional pilot office personnel identified during the first year, more efficient strategies were used to meet recruiting and training objectives.

BLM used Bureau-wide position recruiting for NRSs and PETs where the pilot offices established Bureau-wide position selection boards to review the nationwide list of applicants and decide how best to utilize the candidates amongst the pilot offices. This process was found to be a very effective and time-efficient way of providing new staff resources to the respective pilot offices.

In advance of the actual reporting of new personnel, BLM explored training opportunities, student capacity, and course scheduling, and then initiated coordination with BLM's National Training Center (NTC) to provide necessary training resources prioritized specifically for the pilot office staffs. The pilot offices have supplemented the NTC training for new positions by conducting internal workshops, on-the-job mentoring, and similar local training approaches.

The pilot offices have used hiring and retention bonuses with the objective of obtaining and keeping qualified personnel. Use of these bonuses has been determined to be of value. However, in some cases, where the Industry job market provides higher salaries, such bonuses are not as effective. In such cases, the pilot offices have used other means of obtaining necessary personnel. As an example, the Vernal Pilot Office filled five PET positions with five fire crew staff.

BLM has initiated a review of human resource issues in the pilot offices. A team of human resource specialists has been established to review issues, such as compensation; position classification; and hiring, relocation, and retention incentives. Recommendations from this review should be available to the BLM Director in early 2007.

CHAPTER 7 INTERAGENCY CONSULTATION AND COORDINATION

The pilot offices have demonstrated a commitment to increasing collaborative efforts during the first year of this program. Collaboration and consultation is now occurring with other federal agencies, state entities, and among the program offices themselves.

7.1 COORDINATION WITH FEDERAL AGENCIES

7.1.1 USFWS Section 7 Consultation

At the federal level, BLM routinely works with USFWS on Section 7 T&E and sensitive species consultations where such resource protection may be required during the processing of APDs, sundry notices, and ROW permitting activities. In some of the pilot offices, USFWS personnel had been collocated within BLM prior to the pilot study. Examples of ongoing USFWS Section 7 consultation and coordination with BLM pilot offices include:

- The pilot offices have entered into (or are completing) programmatic agreements with the USFWS to streamline wildlife and Section 7 consultation. The protocols allow BLM to determine whether an oil and gas activity will likely affect T&E species. If BLM determines the proposed activity will likely affect such species, then the protocol requires BLM to initiate Section 7 consultation with USFWS. If BLM determines the proposed activity will not likely affect T&E species, then the protocol does not require Section 7 consultation with USFWS.
- USFWS biologists (including one contract botanist [Glenwood Springs]) have recently been collocated in all of the pilot offices and will be responsible for providing Section 7 consultation support, consulting with BLM wildlife biologists on a daily basis during pre-decisional activities, and participating in onsite visits.
- The Glenwood Springs Field Office participates in a statewide wildlife collaboration group that has allowed BLM, USFWS, and the State Division of Wildlife to streamline Section 7 consultation, develop protocols, and improve consistency in decision making.
- The Rawlins Field Office participates with other federal and state agencies in a program called *Monitoring Without Borders*. The purpose of the program is to monitor wildlife species without respect to political boundaries and to gather information to map several types of wildlife habitat. As a result of the *Monitoring Without Borders* collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which kept the species from being listed as a T&E species.
- The Buffalo Pilot Office has had a collocated USFWS biologist since mid 2005, in advance of the pilot study. Based on six months of data for FY 2006, after the start of the pilot, having a collocated USFWS biologist has resulted in a reduction in response time for completing site-specific Section 7 biological opinions from 30 days to 14 days.

7.1.2 USFS NEPA Consultation

As previously described in Section 3.3.1 above, the Buffalo, Glenwood Springs, Vernal, and Farmington field offices have or are establishing collocated USFS surface management staff within their BLM offices to support USFS NEPA consultation. It is important to note that BLM has, for a number of years, consulted with USFS on surface use (NEPA) consultation on surface disturbance activities and reclamation occurring on federal minerals overlain by USFS surface ownership.

As a showcase example, Glenwood Springs has developed a BLM/USFS interdisciplinary permit processing team. This team includes a USFS NRS, wildlife biologist, and civil engineering technician, who will work with complementary BLM personnel in a manner that should greatly improve permitting and compliance activities occurring on USFS lands. With the addition of USFS personnel in the Buffalo and Farmington pilot offices, similar efficiency improvements with USFS NEPA consultation should result.

7.1.3 EPA Consultation

Pilot office consultation with EPA is limited because CWA and CAA program administration has been delegated to state government. However, frequent coordination with EPA occurs on NEPA and related environmental issues.

7.1.4 Section 404 Consultation

BLM consults, when necessary, with USACE on Section 404 determinations to ensure that federal oil and gas actions do not impact waters of the United States and wetlands. As a result of increased oil and gas development occurring within the pilot offices, it has become necessary that BLM be provided with adequate USACE Section 404 consultation support.

Funding resources provided by the pilot study has allowed USACE to assign 0.5 FTEs per field office (totaling 3.5 FTEs across all pilot offices). For the Glenwood Springs office, a USACE employee has been assigned to cover two BLM field offices (Glenwood Springs and Grand Junction). The USACE staff (3.5 FTEs) are not collocated in the pilot offices, but remain in USACE offices nearest to the pilot offices.

7.1.5 BIA Consultation

By delegation of the Secretary of the Interior, BLM is responsible for administering, in coordination with BIA, oil and gas activities that occur on Indian tribal and Indian allottee surface lands and mineral estates. BLM and BIA work together and in consultation with the respective tribal entities. The Miles City, Vernal, and Farmington pilot offices perform such work.

Funding resources provided by the pilot study are allowing BIA to take action toward hiring one FTE to be collocated in the Farmington Field Office where the employee would function as a liaison to work specifically with BLM on processing APDs. The liaison position is intended to improve coordination in the processing of APDs. The position has not yet been filled.

Examples of ongoing BIA and tribal consultation and coordination with BLM pilot offices include:

- The Farmington Pilot Office is collaborating directly with the Federal Indian Mineral Office (FIMO) located in Farmington, specifically on APDs and communitization agreements involving tribal surface ownership and federal mineral estate.
- BIA is contemplating granting the authority of the Navajo Resources Committee to FIMO to approve APDs, but to date the authority has not been delegated (Farmington).
- The Vernal Pilot Office has worked with BIA to establish an efficient APD consultation process and is moving toward improvements in processing other oil and gas permit types (sundry notices and ROWs).

7.1.6 BOR NEPA Consultation

BLM consults and works in coordination with BOR regarding oil and gas activities occurring on federal mineral and BOR surface estate. BLM and BOR work together to identify BOR surface use opportunities and constraints through NEPA, from which oil and gas permits are conditioned for approval. The Rawlins, Farmington, and Carlsbad pilot offices coordinate with BOR to perform such NEPA work.

Funding resources provided by the pilot study are allowing BOR to establish one FTE in the BLM Carlsbad Pilot Office. The employee would function as a BOR liaison to support joint BOR/BLM leasing

and APD activities. The interagency agreement to allow the BOR employee to be collocated in the field office is awaiting approval by the agencies.

In the case of the Rawlins Pilot Office, BLM has been delegated the responsibility from BOR to handle and coordinate the majority of NEPA work for APDs on BOR surface estate.

In a similar fashion as BLM/BOR consultation, Glenwood Springs has developed a programmatic agreement with the Western Area Power Administration (WAPA) with regard to WAPA consultation for NEPA on oil and gas activities occurring on WAPA surface administered lands.

7.2 Coordination with State Entities

Collaboration is also occurring between BLM offices and state entities. As with the federal collaboration, state agency interaction is fairly routine. The BLM pilot offices have established collaborative relationships with SHPOs; DEQs; state oil, gas, and energy commissions; state game and fish departments; and colleges and universities.

7.2.1 Section 106 SHPO Consultation

BLM has established statewide Section 106 consultation protocols with state SHPOs (with the exception of Utah). These protocols clarify responsibilities and streamline the processes between BLM and the SHPOs to support the resource protection requirements of Section 106 of the National Historic Preservation Act. The protocols enable BLM to make Section 106 eligibility determinations for areas of proposed surface disturbance activities. If BLM identifies a site as being potentially eligible, the SHPO is consulted when historic properties cannot be avoided.

Examples of specific BLM pilot office/SHPO consultation improvements include:

- The development of Section 106 cultural resource standards and guidelines for the renewal of ROW grants and temporary use permits (Glenwood Springs)
- Participation of SHPO personnel during BLM onsite pre-construction visits to increase their knowledge and understanding of BLM permitting actions (Rawlins)
- Leveraging of a prior DOE-funded development of two automated cultural resource business processing systems for use by the SHPOs of New Mexico and Wyoming, BLM Wyoming, and BLM New Mexico, which are—
  - CRISP, a system that allows an oil and gas operator to query spatially (map) depicted data using GIS technology for a designated area, a listing of existing surveys, known national historic sites, and predictive indicators of potential buried sites (BLM Wyoming and New Mexico)
  - CRMTracker, developed to fully automate the submission of completed cultural survey reports by Industry project components to BLM, and from BLM to the respective SHPOs (BLM Wyoming).

7.2.2 State Departments of Environmental Quality (DEQ) Consultation

The state government DEQs have been delegated the CWA and CAA program administrative functions by EPA. As a result, BLM frequently consults and collaborates with state DEQs in support of oil and gas permitting activities.

As a showcase example, Miles City has completed an MOU with the Montana DEQ that established an air quality specialist and a water quality specialist collocated in the Miles City Pilot Office with an additional Montana DEQ permit writer position, located in Helena, Montana. These staff members have been added to work in a complementary fashion with BLM personnel to improve permitting and compliance on BLM lands. Miles City also completed an earlier MOU with the Montana DEQ and the Montana BOGC to provide more efficient analysis of proposals by establishing procedures for preparing joint EAs.

As a result of the rapid and large-scale CBNG development occurring in the Powder River Basin, the Buffalo Pilot Office has collaborated with the Wyoming DEQ, Wyoming SEO, and WOGCC to establish an interagency CBNG water retention pit reclamation bonding program. The objective of this interagency program is to ensure full and complete reclamation of such structures after development of CBNG resources. As part of this same interagency effort, the Buffalo Pilot Office has established an MOU with the Wyoming SEO for dam construction engineering and safety standard requirements that must be adhered to by Industry.

7.2.3 State Oil, Gas and Energy Commission Consultation

The BLM pilot offices collaborate with state oil, gas, and energy commissions on a daily basis. As with SHPOs, BLM has established and/or is updating MOUs with these commissions. As specified in BLM regulations and onshore orders, BLM complies with state oil and gas commission statutes, rules, and regulations. When necessary, BLM participates in commission hearings. The following are examples of ongoing pilot office collaboration with state commissions:

- Glenwood Springs is establishing a collocated COGC position and developing an MOU to share responsibilities for I&E.
- BLM New Mexico is working with the NMOCD to develop a statewide MOU to address NMOCD support positions for Farmington and Carlsbad (one position for each office).
- BLM staff relies on commission Websites for information about the federal wells within field office boundaries. This reliance on commission Websites is very extensive for the seven pilot offices.
- The WOGCC has developed integrated WOGCC Website-based software that specifically supports the BLM APD and other processes for the Buffalo and Rawlins pilot offices.
- The state commissions have actually begun hosting BLM GIS-based lease stipulation information on commission Websites with the objective of providing such information to the Industry within the commission's extensive oil and gas data Websites [WOGCC, Colorado Oil and Gas Conservation Commission (COGC), and NMOCD]. Such work is being funded by DOE through a grant to the Ground Water Protection Council (GWPC).

7.2.4 State Game and Fish Department Consultation

BLM has consulted with state game and fish departments regarding oil and gas development impacts on wildlife and habitat. Such collaboration usually occurs within the land use planning or permitting process when a participating agency role has been established by BLM for these agencies. With the resources provided through the pilot study, the pilot offices are further advancing collaborative practices. Examples include:

- The Rawlins Field Office participates with other federal and state agencies (Wyoming Game and Fish Department [WGFD]) in a program called *Monitoring Without Borders*. The purpose of the program is to monitor wildlife species without respect to political boundaries and to gather information to map several types of wildlife habitat. As a result of the *Monitoring Without*

Borders collaboration, wildlife biologists discovered that the population of mountain plover was greater than anticipated, which kept the species from being listed as a T&E species.

- The Glenwood Springs Pilot Office has also established a close working relationship with the Colorado Division of Wildlife (CDOW) to allow their representatives to participate in pre-construction onsite meetings. Glenwood Springs also holds a monthly conference call with biologists and ecologists from across the state to discuss the current status of efforts to protect big game and migratory birds, and also participates in the wildlife statewide collaboration group.
- The Vernal Pilot Office has established a programmatic agreement with the Utah Division of Wildlife Resources (UDWR) to streamline wildlife consultation.
- The Carlsbad Pilot Office and the New Mexico Department of Game and Fish (NMDGF) share GIS coverages on surveys and habitats.

7.2.5 College and University Collaboration

The Carlsbad Pilot Office has collaborated with the New Mexico School of Mines (NMSOM) to enhance a valuable set of GIS coverages that depict potash reserves, underground mining operations, oil and gas leases, unit and communitization agreements, well locations (enclaves), and prior Secretarial Order boundaries. NMSOM provided Carlsbad excellent resources and products, which are now used on a daily basis by the pilot office to address oil and gas development conflicts with potash mining operations.

The Buffalo Pilot Office partnered with the University of Wyoming Ruckleshaus Environmental Institute and other state and federal agencies to develop a GIS-based Website (www.cbmclearinghouse.info) of CBNG and natural resource information. This site has become extremely valuable for use on a daily basis by permit agents, contractors, operators, and the general public.

7.3 Collaboration Among BLM Field Offices

Collaboration has increased among the pilot offices, as well as non-pilot offices. Examples of such collaboration include:

- Conduct of a surface management and protection course in Farmington, New Mexico, which was attended by NRSs and surface compliance technicians from the pilot offices
- Establishment of BLM-wide pilot office position selection boards to review the nationwide list of applicants (NRSs and PETs) to collectively decide how best to use candidates among the pilot offices
- Growth of interoffice communication to share new business processing approaches, the latest insights on BMPs, and time-saving software-based capabilities
- Loaning of staff by non-pilot offices to pilot offices until new pilot staff were on board. In some cases, these resources are still being used to a limited degree by the pilot offices.

7.4 Outreach

Since the Act was passed, an effort has been made to inform the public and stakeholders about the establishment of the pilot offices and the streamlining of the oil and gas permitting process. News releases have been issued from the BLM Washington Office on the development and signing of an MOU among DOI, USDA, EPA, and DOA. Additional news releases were issued on changes to federal oil and gas regulations that would improve energy development on public lands. These news releases were followed up with releases from the BLM State Offices to ensure that the public was being informed about

implementation of the Act. A visit to each of the pilot offices in spring 2006 by the Director of BLM and leadership from the partner agencies also generated outreach to the public and stakeholders.

The pilot offices continue to take the initiative to find new ways to interact with Industry, the stakeholders, and the public at large. These initiatives include improvements to and greater use of comprehensive strategies to more efficiently process permits, improved support for stakeholder responsiveness, greater use of contract services, development and application of critical IT, renewed focus on human resources, and improved interagency consultation and coordination. Additionally, the pilot offices are sponsoring programs that provide outreach to the public and encourage collaboration in resolving issues common to Industry, the public, and federal agencies.

The pilot offices are conducting frequent operator outreach meetings and on-the-ground "tail-gate" training sessions with operator field personnel, participating in Industry/public/local government oil and gas issue working groups, as well as providing presentations at local Industry trade organization conferences. At such gatherings, BLM is in attendance to provide information regarding BMPs, permit data and processing requirements, and to identify and discuss emerging issues. From the pilot office perspective, the Industry has come to rely on such meetings and finds them beneficial. Industry is experiencing a high turnover of staff within its organizations and with contract service personnel. As a result, Industry is looking for frequent education opportunities for new personnel on current BLM policies and procedures.

CHAPTER 8 YEAR ONE PROGRESS AND FUTURE STEPS

8.1 PROGRESS

Since the Act was enacted in August 2005, BLM, in coordination with USFWS, BIA, MMS, BOR, USACE, USFS, and the EPA, has placed a high priority on streamlining the oil and gas permitting process. During this period, significant progress has been made in the following areas:

- The Washington Office Briefing to inform leadership and gather information on the process was held within seven months after passage of the Act.
- An MOU between the federal cooperating agencies was developed and signed two weeks before the deadline date established by the Act.
- Closer coordination in the permitting process has been initiated where staff members from partner agencies have been collocated in the BLM pilot offices, resulting in more efficient and effective communication between the agencies. These efforts have led to the development of MOUs between state and federal agencies.
- Increased permitting and I&E capability in the pilot offices has been achieved through increased staff, with the first new hires being on board only two months after the Act was enacted.
- Of the 146.5 target positions identified to be hired during FY 2006, 123.5, or 84 percent, have been filled.
- The Pilot Offices processed 6,465 federal APDs in FY 2006 compared to 5,616 in FY 2005 for a 15 percent increase in one year.
- The Pilot Offices received 7,989 federal APDs in FY 2006 compared to 6,195 in FY 2005 for a 29 percent increase in one year.
- The Pilot Offices processed 2,286 ROW applications in FY 2006, as opposed to 1,899 in FY 2005, for a 20 percent increase (ROWs primarily associated with oil and gas development).

- During FY 2006 the pilot offices completed 9,856 I&E federal inspections. FY 2005 inspection data for all of the pilot offices is not available, however, compared to the 7,071 inspections completed in FY 2004, the 2006 accomplishments represents a 39 percent increase over this two year period.
- The Pilot Project offices have implemented a number of innovative approaches including:
  - Improvements to and greater use of comprehensive strategies to more efficiently process permits
  - Improved support for stakeholder responsiveness
  - Greater use of contract services
  - Development and application of critical information technology (IT)
  - Renewed focus on human resources
  - Improved interagency consultation and coordination.
- Each pilot office was interviewed within the first nine months after enactment to determine how best to measure success of the project and to solicit input on how best to streamline the permitting and I&E processes.
- Thirty-two measures have been developed to determine success of the pilot offices.
- Each pilot office has increased its outreach efforts with all stakeholders.
- The BLM Director and the leadership of the partner agencies visited each Pilot Project office within seven months after the Act was enacted showing a strong commitment to the project.

8.2 FUTURE STEPS

To build on the progress made in year one of the Pilot Project, BLM plans to take the following actions as next steps:

1. Initiate collection of measures data for Final Report. Using the initial set of performance measures, BLM will begin collecting data for the Final Report of the Pilot Project (FY 2006 to FY 2008) to provide reporting and analysis of the Pilot Project's program performance in accordance with the requirements of the Section 365 and the October 2005 Interagency MOU. The data collection process may require refinement of the initial measures as future performance assessment concerns arise.
2. Conduct an interagency workshop in the first quarter of FY 2007. This meeting will include representatives from each of the participating federal agencies and BLM Pilot Project offices. The purpose of this meeting will be to review the findings and observations in the Year One Report, to identify, discuss, and share best practices for processing APDs and conducting I&E activities, and to review and assess the year one performance results for all performance measures.
3. Design automated Pilot Project performance reports and analysis process. This task will focus on developed a set of automated performance reports, pulling information from BLM systems and the pilot offices that will measure ongoing Pilot Project performance. This will support continuous or periodic reviews and analyses of pilot office performance objectives to meet the goals of Section 365.
4. Conduct second round of field office site visits. These visits will focus on identifying employee attitudes on collaboration and collocation, best practices for process improvement, and refinements to the performance measures set, as well as the transfer of process improvement ideas between the field offices.
5. Write the Year Two progress report. This report will summarize the program's implementation progress and performance results for year two.

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APPENDIX 1—SECTION 365 OF THE ENERGY POLICY ACT OF 2005

One Hundred Ninth Congress of the United States of America

AT THE FIRST SESSION

Begun and held at the City of Washington on Tuesday, the fourth day of January, two thousand and five

An Act

To ensure jobs for our future with secure, affordable, and reliable energy.

TITLE III—OIL AND GAS

Subtitle F—Access to Federal Lands

SEC. 365. PILOT PROJECT TO IMPROVE FEDERAL PERMIT COORDINATION.

(a) ESTABLISHMENT.—The Secretary of the Interior (referred to in this section as the ''Secretary'') shall establish a Federal Permit Streamlining Pilot Project (referred to in this section as the ''Pilot Project'').

(b) MEMORANDUM OF UNDERSTANDING.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary shall enter into a memorandum of understanding for purposes of this section with—

(A) the Secretary of Agriculture;

(B) the Administrator of the Environmental Protection Agency; and

(C) the Chief of Engineers.

(2) STATE PARTICIPATION.—The Secretary may request that the Governors of Wyoming, Montana, Colorado, Utah, and New Mexico be signatories to the memorandum of understanding.

(c) DESIGNATION OF QUALIFIED STAFF.—

(1) IN GENERAL.—Not later than 30 days after the date of the signing of the memorandum of understanding under subsection (b), all Federal signatory parties shall, if appropriate, assign to each of the field offices identified in subsection (d) an employee who has expertise in the regulatory issues relating to the office in which the employee is employed, including, as applicable, particular expertise in—

(A) the consultations and the preparation of biological opinions under section 7 of the Endangered Species Act of 1973 (16 U.S.C. 1536);

(B) permits under section 404 of Federal Water Pollution Control Act (33 U.S.C. 1344);

(C) regulatory matters under the Clean Air Act (42 U.S.C. 7401 et seq.);

(D) planning under the National Forest Management Act of 1976 (16 U.S.C. 472a et seq.); and

(E) the preparation of analyses under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(2) DUTIES.—Each employee assigned under paragraph (1) shall—

(A) not later than 90 days after the date of assignment, report to the Bureau of Land Management Field Managers in the office to which the employee is assigned;

(B) be responsible for all issues relating to the jurisdiction of the home office or agency of the employee; and

(C) participate as part of the team of personnel working on proposed energy projects, planning, and environmental analyses.

(d) FIELD OFFICES.—The following Bureau of Land Management Field Offices shall serve as the Pilot Project offices:

(1) Rawlins, Wyoming.

(2) Buffalo, Wyoming.

(3) Miles City, Montana.

(4) Farmington, New Mexico.

(5) Carlsbad, New Mexico.

(6) Grand Junction/Glenwood Springs, Colorado.

(7) Vernal, Utah.

(e) REPORTS.—Not later than 3 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that—

(1) outlines the results of the Pilot Project to date; and

(2) makes a recommendation to the President regarding whether the Pilot Project should be implemented throughout the United States.

(f) ADDITIONAL PERSONNEL.—The Secretary shall assign to each field office identified in subsection (d) any additional personnel that are necessary to ensure the effective implementation of—

(1) the Pilot Project; and

(2) other programs administered by the field offices, including inspection and enforcement relating to energy development on Federal land, in accordance with the multiple use mandate of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.).

(g) PERMIT PROCESSING IMPROVEMENT FUND.—Section 35 of the Mineral Leasing Act (30 U.S.C. 191) is amended by adding at the end the following:

''(c)(1) Notwithstanding the first sentence of subsection (a), any rentals received from leases in any State (other than the State of Alaska) on or after the date of enactment of this subsection shall be deposited in the Treasury, to be allocated in accordance with paragraph (2).

''(2) Of the amounts deposited in the Treasury under paragraph (1)—

''(A) 50 percent shall be paid by the Secretary of the Treasury to the State within the boundaries of which the leased land is located or the deposits were derived; and

''(B) 50 percent shall be deposited in a special fund in the Treasury, to be known as the 'BLM Permit Processing Improvement Fund' (referred to in this subsection as the 'Fund').

''(3) For each of fiscal years 2006 through 2015, the Fund shall be available to the Secretary of the Interior for expenditure, without further appropriation and without fiscal year limitation, for the coordination and

processing of oil and gas use authorizations on onshore Federal land under the jurisdiction of the Pilot Project offices identified in section 365(d) of the Energy Policy Act of 2005.''.

(h) TRANSFER OF FUNDS.—For the purposes of coordination and processing of oil and gas use authorizations on Federal land under the administration of the Pilot Project offices identified in subsection (d), the Secretary may authorize the expenditure or transfer of such funds as are necessary to—

(1) the United States Fish and Wildlife Service;

(2) the Bureau of Indian Affairs;

(3) the Forest Service;

(4) the Environmental Protection Agency;

(5) the Corps of Engineers; and

(6) the States of Wyoming, Montana, Colorado, Utah, and New Mexico.

(i) FEES.—During the period in which the Pilot Project is authorized, the Secretary shall not implement a rulemaking that would enable an increase in fees to recover additional costs related to processing drilling-related permit applications and use authorizations.

(j) SAVINGS PROVISION.—Nothing in this section affects—

(1) the operation of any Federal or State law; or

(2) any delegation of authority made by the head of a Federal agency whose employees are participating in the Pilot Project.

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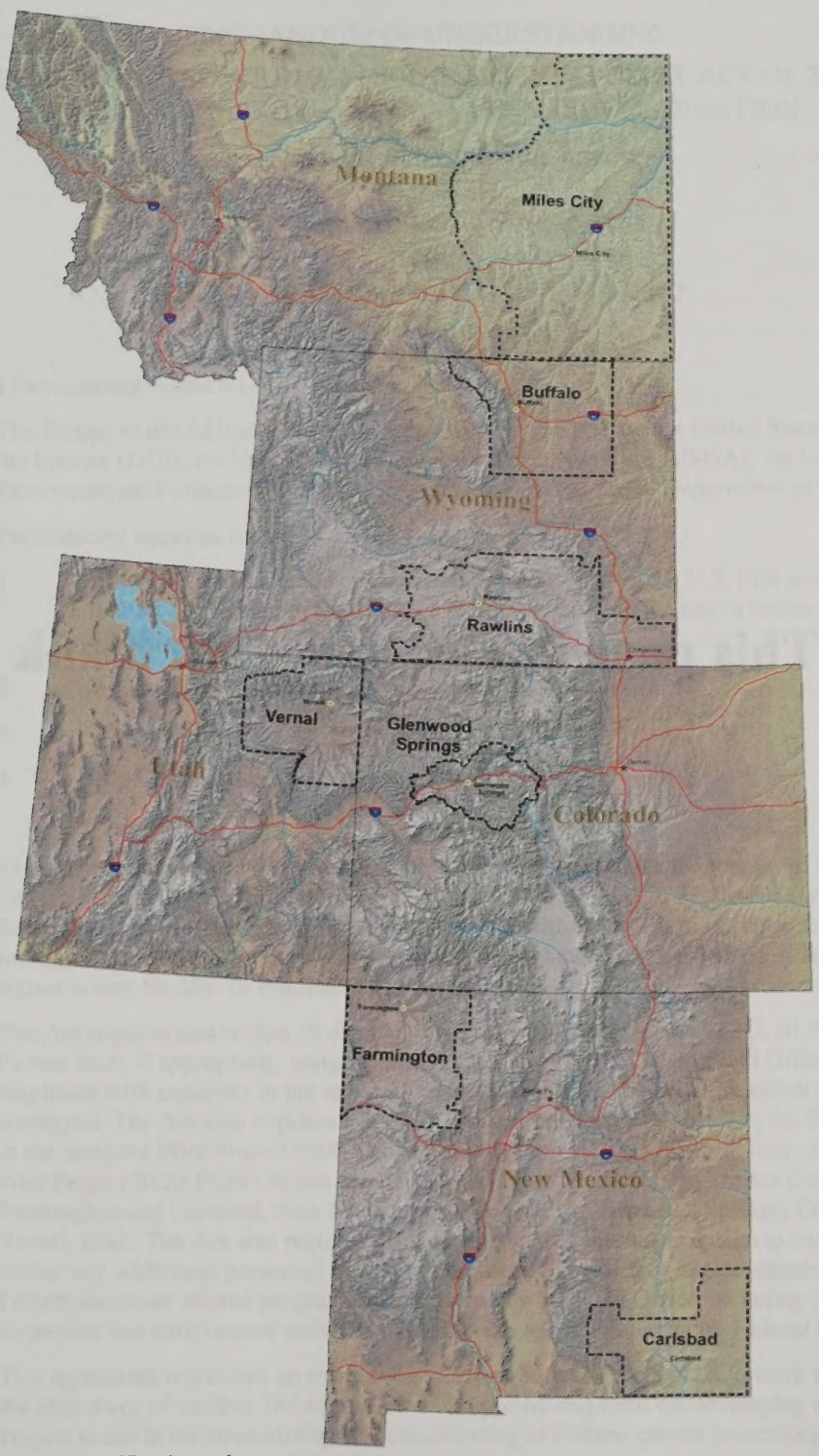
APPENDIX 2—LOCATIONS OF SECTION 365 PILOT PROJECT FIELD OFFICES



Dashed lines indicate Field Office boundary

Source: Bureau of Land Management

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APPENDIX 3—PILOT PROJECT MOU TO IMPROVE FEDERAL PERMIT COORDINATION

MEMORANDUM OF UNDERSTANDING

IMPLEMENTATION OF SECTION 365 OF THE ENERGY POLICY ACT OF 2005 PILOT PROJECT TO IMPROVE FEDERAL PERMIT COORDINATION

United States Department of the Interior
And
United States Department of Agriculture
And
United States Environmental Protection Agency
And
United States Army Corps of Engineers

I. Parties and Participating Agencies.

A. The Parties to this Memorandum of Understanding (MOU) are the United States Department of the Interior (DOI), the United States Department of Agriculture (USDA), the United States Environmental Protection Agency (EPA), and the United States Department of the Army (DOA).

B. Participating agencies include:

1. Within DOI, the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (FWS), the Bureau of Reclamation (Reclamation), the Bureau of Indian Affairs (BIA), and the Minerals Management Service (MMS);

2. Within USDA, the U.S. Forest Service (USFS);

3. Within DOA, the U.S. Army Corps of Engineers (USACE); and

4. The EPA.

II. Purpose.

A. The purpose of this MOU is to establish policies and procedures to implement Section 365 of the Energy Policy Act of 2005, Pub. L. 109-58 (hereafter the "Act"). Section 365 establishes a Federal Permit Streamlining Pilot Project ("Pilot Project") with the intent to improve the efficiency of processing oil and gas use authorizations on Federal lands. Section 365 specifies that this MOU be signed within 90 days of enactment of the Act.

B. The Act requires that within 30 days after the date of signing of the MOU, all Federal signatory Parties shall, if appropriate, assign to each of the Pilot Project BLM Field Offices identified, an employee with expertise in the regulatory issues relating to the office in which the employee is employed. The Act also requires that each employee so assigned report to the BLM Field Manager in the assigned Pilot Project Field Office not later than 90 days after the date of assignment. The Pilot Project BLM Field Offices are Rawlins and Buffalo, Wyoming; Miles City, Montana; Farmington and Carlsbad, New Mexico; Grand Junction/Glenwood Springs, Colorado; and Vernal, Utah. The Act also requires the Secretary of the Interior to assign to each Pilot Project Office any additional personnel necessary to ensure the effective implementation of the Pilot Project and other related programs administered by the Field Office, including oil and gas inspection and enforcement activities related to energy development on Federal lands.

C. This agreement represents an expression of intent between the Parties to work together to further the objectives of Section 365 of the Act with specific emphasis on developing a multi-agency Pilot Project to aid in the streamlining and coordinating of Federal permit processing for onshore oil and gas operations on Federal lands.

III. Authorities.

A. The primary authority for this MOU is Section 365(c) of the Energy Policy Act of 2005 (Public Law 109-58). That section specifically references:

1. Consultations and the preparation of biological opinions under section 7 of the Endangered Species Act of 1973 (16 U.S.C. § 1536);

2. Permits under section 404 of the Federal Water Pollution Control Act (33 U.S.C. § 1344);

3. Regulatory matters under the Clean Air Act (42 U.S.C. § 7401 *et seq.);*

4. Planning under the National Forest Management Act of 1976 (16 U.S.C. § 472a *et seq.);* and

5. Preparation of analyses under the National Environmental Policy Act of 1969 (42 U.S.C. § 4321 *et seq.).*

B. Section 365(f) of the Act specifies that the Secretary of the Interior shall assign any additional Department of the Interior personnel to the Pilot Offices necessary to ensure the effective implementation of the Pilot Project and other programs administered by the Pilot Offices, including inspection and enforcement related to energy development on Federal lands in accordance with the Federal Land Policy and Management Act of 1976 (43 U.S.C. § 1701 et seq.).

C. Section 365(g) of the Act amends section 35 of the Mineral Leasing Act (30 U.S.C. § 191) to establish the Permit Processing Improvement Fund.

IV. Principles and Goals.

A. Principles for implementing this MOU include:

1. The Pilot Project Offices will initially focus on interagency coordination and cooperation in the processing of permits required to support oil and gas use authorizations on Federal lands.

2. The Pilot Project Offices will maintain or enhance high standards of safety and environmental protection through an effective oil and gas inspection and enforcement program for operations on Federal lands.

3. Process streamlining and increased interagency efficiency, including elimination of duplication between Federal and state agencies, will be an important measure of success.

4. All participating agencies will seek improved information sharing and use, as well as an improved understanding of respective agency roles and responsibilities.

5. An important measure of success will be the increased ability to process Applications for Permit to Drill (APDs) in a more timely manner.

6. A more rapid response to demands for oil and gas production on Federal lands will support the Nation's increased need for energy resources.

7. A more consistent approach among BLM Field Offices, and greater certainty in processing time requirements, are essential for improved customer service.

8. The financial resources made available through Section 365 should be used to enhance the capability to process oil and gas use authorizations, not as a replacement for base agency resources and responsibilities.

9. Interagency coordination mechanisms established through the Pilot Project should allow for adequate flexibility to adapt to changing demands and technologies related to oil and gas development.

10. Coordination with State agencies with expertise and responsibilities related to oil and gas use authorizations are an important component of a successful Pilot Project.

11. All permitting actions in the Pilot Offices are expected to promote responsible stewardship of Federal subsurface and surface resources.

B. Goals for implementing this MOU include:

1. Creation of better staff relationships among the participating agencies to improve performance of the Pilot Offices;
2. Placement of participating agency resources in locations that most effectively promote timely processing of APDs and associated agency approvals;
3. Focusing of appropriate BLM resources on inspection and enforcement activities;
4. Identification of new or improved interagency practices that should be used in other offices;
5. Identifying new or improved ways to increase the efficiency of the APD process;
6. Testing a variety of process improvement concepts in the Pilot Offices;
7. Preparation of a comprehensive Report to Congress that clearly identifies the lessons learned in the Pilot Offices;
8. Establishment of interagency coordination mechanisms that can adapt to changing demands or circumstances;
9. Measurement of increases in productivity resulting from additional resources provided through Section 365 of the Act; and
10. Identification of state agency coordination opportunities that could result in improved processing of oil and gas authorizations.

V. Roles, Responsibilities and Delegation of Authority.

A. Department of the Interior.

1. The Bureau of Land Management.

a. General regulatory and management responsibilities. The BLM administers more than 261 million surface acres of public lands and 700 million acres of subsurface mineral estate (Federal land beneath surface lands owned or managed by other Parties, such as the USDA Forest Service, National Park Service, and US Fish and Wildlife Service).

b. Pilot Project responsibilities. The BLM will administer the Pilot Project. In this capacity, the BLM will:

(1). Provide office space and general administrative support to other participating agency personnel assigned to the Pilot Offices;

(2). Establish oil and gas use authorization priorities to effectively coordinate interagency efforts;

(3). Coordinate periodic interagency contacts and meetings among the participating agencies to assess progress and resolve issues;

(4). Distribute funds to agencies participating in the Pilot Project;

(5). Prepare, in cooperation with the participating agencies, the required report to Congress;

(6). Work closely with the participating agencies to identify efficiencies in processing of oil and gas authorizations;

(7). Evaluate its APD process and work with the other participating agencies to improve its efficiency; and

(8). Oversee the implementation of this MOU to assure that the principles and goals of this MOU and the Pilot Project are achieved.

c. Delegation of Authority. The BLM Field Office Manager is the Authorized Officer with respect to the BLM responsibility for approval of oil and gas use authorizations and inspection and enforcement on Federal lands managed by BLM.

d. Anticipated Resource Needs. BLM will provide_ additional staff expertise as necessary to meet the specific needs of the individual Pilot Offices in satisfying the requirements of the Act. Such expertise may include a wide variety of physical, biological and technical support positions added as contract, temporary, term, or permanent positions, plus resources provided by the other participating agencies.

2. The Fish and Wildlife Service.

a. General regulatory and management responsibilities. FWS is responsible for assisting other Federal agencies and the public in the conservation, protection, and enhancement of fish, wildlife, plants, and their habitats. A myriad of Federal statutes, executive orders, regulations and policies have been enacted to ensure that environmental conservation is given full weight during project planning and implementation, including: the Fish and Wildlife Act of 1956 (16 U.S.C. §§ 742a - 742j), Fish and Wildlife Coordination Act (FWCA; 16 U.S.C. § 661 *et seq.),* Clean Water Act (33 U.S.C. § 1251 *et seq.),* Migratory Bird Treaty Act (16 U.S.C. §§ 703 - 712), and the Bald and Golden Eagle Protection Act (16 U.S.C. §668). In particular, Section 7 of the Endangered Species Act of 1973, as amended (ESA; 16 U.S.C. §§ 1531 *et seq.),* requires that Federal agencies ensure that the actions they authorize, fund, or carry out are not likely to jeopardize the continued existence of listed species or destroy or adversely modify their designated critical habitat. Federal regulatory agencies identified by Section 365 of the Act are required to consult with the FWS on projects potentially affecting any of these resources. Further, the Migratory Bird Treaty Act (MBTA; 16 U.S.C. §§ 703-712), prohibits the taking, killing, possession, and transportation of migratory birds, their eggs, parts and nests, except when specifically authorized by the Secretary of the Interior. The FWS consults on projects potentially affecting freshwater or marine resources and water quality. In accordance with Section 404(b)(1) of the Clean Water Act, the FWS provides advisory review for wetland protection. The FWS also has jurisdiction by law for specific permitting actions and by special expertise for other actions pursuant to the National Environmental Policy Act. Through these efforts, the FWS seeks to ensure that impacts to fish and wildlife resources are adequately described and that mitigation needs are met.

b. Pilot Project responsibilities. The FWS will:

(1). Assign appropriate FWS staff to assist and support the BLM Pilot Offices, as appropriate;

(2). Work in an integrated manner with the appropriate BLM Field Office to expedite necessary consultation and coordination procedures, including those required pursuant to Section 7 of the Endangered Species Act;

(3). Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations;

(4). Assist BLM as needed in other components of the oil and gas management program on Federal lands, including ESA section 7 monitoring;

(5). Coordinate its requisite reviews and integrate its decision making processes with the various BLM processes, including land use planning (including development or revision of Resource Management Plans), oil and gas leasing, and issuance of drilling permits. This integration will

facilitate the development of new processes and procedures that will help to reduce uncertainty at the APD stage, resulting in substantially streamlined final reviews; and

(6) Expedite its review of APDs, while concurrently engaging with BLM as a member of its land use planning team.

c. Delegation of Authority.

(1). All FWS Pilot Program staff will be under the direct supervision of the FWS.

(2). This MOU will not affect signature authority within the FWS.

(3). The FWS staff located within BLM Pilot Project Field Offices, or pilot program staff located within the FWS Field Office, will have the authority and responsibility to:

(a). Identify issues and needed information regarding oil and gas use authorizations;

(b). Identify and implement process streamlining techniques; and

(c). Review and coordinate applicable BLM efforts as they may affect FWS authorities and responsibilities.

d. Anticipated Resource Needs.

(1). The FWS will provide necessary staff resources to the BLM at the Pilot Project Offices. This includes FWS expertise regarding wetland consultation, migratory birds and raptors, NEPA, environmental contaminants, and ESA. All of these staffing obligations will not necessarily require any one individual but rather may require several individuals.

(2). The FWS will provide approximately 10 full time equivalent employees (FTEs) to fulfill initial obligations under the Pilot Project. This figure may change as actual workload and capability needs are more clearly identified for each Pilot Office.

3. The Bureau of Indian Affairs.

a. General regulatory and management responsibilities. BIA is responsible for the administration and management of 56 million acres of land held in trust by the United States for American Indians, Indian tribes, and Alaska Natives. There are 562 Federal recognized tribal governments in the United States. Developing forestlands, leasing assets on these lands, directing agricultural programs, protecting water and land rights, developing and maintaining infrastructure and economic development are all part of the agency's responsibility.

b. Pilot Project responsibilities. The BIA will:

(1). Assign appropriate BIA staff to the BLM Farmington Field Office;

(2). Work in an integrated manner with the appropriate BLM Field Office to expedite the necessary consultation and coordination with Navajo interests in the checkerboard landownership area;

(3). Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations; and

(4). Assist BLM, as requested, in other components of the oil and gas management program on Federal lands or subsurface mineral estate.

c. Delegation of Authority. Authority to act on oil and gas use authorization issues will be delegated to the lowest appropriate level.

d. Anticipated Resource Needs. BIA will provide one position to BLM for carrying out its Pilot Project responsibilities. That person will be referred to as the Navajo Permit Coordinator. The Navajo Permit Coordinator will be a BIA employee whose function is to coordinate with the Navajo Tribe, Eastern Navajo Chapters, and Navajo families living in the checkerboard landownership area.

4. The Minerals Management Service.

a. General regulatory and management responsibilities. The MMS Minerals Revenue Management (MRM) Division collects, accounts for and distributes revenues associated with mineral production from leased Federal and Indian lands.

b. Pilot Project responsibilities. The MRM will be responsible for transferring 50 percent of the onshore oil and gas rental income from the United States Treasury to the "BLM Permit Processing Improvement Fund", established by Section 365(g) of the Act, for the administration of the Pilot Project Offices.

c. Delegation of Authority. Authority to act on oil and gas related management actions under the Pilot Project will be delegated as MMS determines to be appropriate.

d. Anticipated Resource Needs. No additional resource needs, beyond those already in place for revenue management, have been identified at this time.

5. The Bureau of Reclamation.

a. General regulatory and management responsibilities. Reclamation is responsible for administering Federal water projects in 17 Western states. Reclamation is the largest wholesaler of water in the country bringing water to more than 31 million people and providing one out of five Western farmers (140,000) with irrigation water for 10 million acres of farmland. Reclamation is also the second largest producer of hydroelectric power in the western United States. Through an existing national interagency agreement, dated March 25, 1983, the BLM Carlsbad and Farmington Field Offices lease and approve APDs on Reclamation lands.

b. Pilot Project responsibilities. Reclamation will:

(1). Assign appropriate Reclamation staff to support both the BLM Carlsbad and Farmington Field Offices;

(2). Work in an integrated manner with the appropriate BLM Field Office to expedite the necessary consultation and coordination with Reclamation responsibilities; and

(3). Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations.

c. Delegation of Authority. Authority to act on oil and gas related management actions will be delegated to the lowest appropriate level.

d. Anticipated Resource Needs. Reclamation will provide BLM with one Reclamation staff position to facilitate and expedite cooperative planning, compliance with any requirements that must be met in order for Reclamation lands to be leased, and the processing of APDs. This position would be a shared position between the Carlsbad Field Office and the Farmington Field Office.

B. Department of the Army.

1. The U.S. Army Corps of Engineers.

a. General regulatory and management responsibilities. The USACE is responsible for administering laws for the protection and preservation of waters of the U.S., pursuant to the requirements of section 10 of the Rivers and Harbors Act (RHA) of 1899, section 404 of the Clean Water Act (CWA) of 1972, and section 103 of the Marine Protection, Research, and Sanctuaries Act (MPRSA) of 1972. Under the RHA, the USACE may authorize work and or structures in or affecting the course, condition, location, or capacity of navigable waters of the U.S. Under the CWA, the USACE may authorize the discharge of dredged or fill material into waters of the U.S., using the least environmentally damaging practicable alternative.

b. Pilot Project responsibilities. The USACE will:

(1). Expedite environmental permits in accordance with the purpose, terms, and conditions of this MOU;

(2). Consult with the BLM regarding an adjustment of priorities under this MOU or establishment of relative priorities under this MOU if the current and/or projected workload of priority projects and activities exceeds the USACE ability to provide the services specified in this MOU;

(3). Work in an integrated manner with the appropriate BLM Field Office to expedite the necessary consultation and coordination with USACE responsibilities;

(4). Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations;

(5). Assist BLM, as requested, in other components of the oil and gas management program; and

(6). Provide the BLM an annual summary report of progress made under this MOU. This report will describe achievements, including any improvements the USACE has documented in coordinating and improving the efficiency of environmental reviews and will summarize expenditures to date. The report also will identify any recommendations for improving consultation and coordination among the Parties to this MOU.

c. Delegation of Authority. The District Engineer or his or her designee is the final decision maker for USACE actions related to oil and gas use authorizations on Federal lands. If the USAGE project manager rendering final action on a permit application occupies a position funded under section 365(g) of the Act, the final decision maker will be at least the supervisor of that person.

d. Anticipated Resource Needs. Given existing and projected workloads, no single BLM Pilot Field Office requires a full time USACE position to ensure that the processing of necessary permits under Section 404 of the Clean Water Act are given high priority over other USAGE workloads. The USAGE will, if necessary, provide additional staff resources to affected USAGE State Offices to satisfy its responsibilities under section 365 of the Act.

C. Department of Agriculture.

1. The U.S. Forest Service.

a. General regulatory and management responsibilities. The USFS is responsible for the surface management of 192 million acres of National Forest System (NFS) Lands. The Mineral Leasing Act of 1920 as amended and the Mineral Leasing Act for Acquired Lands define the role of the Forest Service in the management of leasable energy resources, including oil and gas. The Forest Service cooperates

with the BLM to ensure that management goals and objectives for oil and gas exploration and development activities are achieved, that operations are conducted to minimize effects on surface resources, and that the land affected by operations is rehabilitated. The BLM issues and administers oil and gas leases on NFS lands only after the Forest Service has made a leasing availability decision and taken the action necessary for the BLM to offer available lands for lease. Once a Federal lease on NFS lands is issued, the Forest Service has full responsibility and authority to approve and regulate all surface-disturbing activities associated with oil and gas exploration and development through analysis and approval of the Surface Use Plan of Operations (SUPO), a component of an APD.

(1) Assign to each Pilot Office that includes NFS lands an employee to work in partnership with the BLM. This employee will have responsibility to facilitate the timely processing, implementation, and inspection of oil and gas-related permits on NFS lands. Duties of this employee will include:

(a). Providing a communication link between the BLM Pilot Office and the local Forest Service Office;

(b). Assisting in determining skills and personnel the USFS must provide to ensure efficient and timely processing of requests for leases, Surface Use Plans of Operations, and associated project proposals;

(c). Serving as project manager for proposed oil and gas projects on NFS lands, including leasing analyses, APDs, pipelines, roads and other projects required for the development of oil and gas resources;

(d). Assisting in coordinating and conducting field reviews of proposed oil and gas projects on NFS lands, including onsite reviews;

(e). Ensuring that oil and gas-related permit applications on NFS lands are processed in compliance with the requirements of Sec. 366 of the Energy Policy Act of 2005 and BLM's Onshore Order No. 1; and

(f). Ensuring that inspections of all oil and gas drilling and producing operations on NFS lands are carried out yearly and that remedial actions are taken when operations are not in compliance with surface use plans, applicable Land and Resource Management Plans, and/or statutory and regulatory requirements.

(2) Develop an action plan within four months of the establishment of the Pilot Offices. The action plan will:

(a). Identify internal process challenges and propose process efficiencies; and

(b). Establish USFS procedures for conducting permitting and administration of oil and gas operations on NFS lands covered by the Pilot Offices.

(3) Within six months of the establishment of the Pilot Offices, review pending projects (APD backlog) on NFS lands covered by the Pilot Project and designate timeframes and checkpoints for progress on active projects and identify those that are inactive and can be removed from consideration.

(4) Twice yearly the Pilot Project Liaison will report to the Forest Supervisor and BLM Field Manager successes and challenges associated with the Pilot Project and make recommendations to improve efficiencies and cut timeframes for processing APDs on NFS lands. The report will also include an estimate of pending lease applications and APDs, and progress on inspection and enforcement of operations on NFS lands.

b. Delegation of Authority. Signatory authority for approval of actions related to oil and gas on NFS lands is identified in Forest Service Manual 2820.

c. Anticipated Resource Needs. The USFS anticipates the initial resource assignment to be four positions. This may change as experience is gained in the Pilot Offices. The Forest Service will also provide other personnel, as necessary, to individual Pilot Offices. Other personnel include those with specific expertise necessary to meet the intent of the Act, such as planning/NEPA, archeology, wildlife, and inspection and enforcement.

D. Environmental Protection Agency.

1. General regulatory responsibilities. The EPA is responsible for administering a wide range of environmental laws. EPA responsibilities relevant to the oil and gas development permitting process include, but are not limited to, commenting on an EIS under section 309 of the Clean Air Act (CAA), the authority to participate in the section 404 Clean Water Act (CWA) permit process, and the authority to issue, and/or review state- and tribe- issued, permits for activities that involve discharges of pollutants subject to the requirements of the National Pollutant Discharge Elimination System or the CAA.

2. Pilot Project responsibilities. The EPA will:

a. Work in an integrated manner with the appropriate BLM Field Office to expedite the necessary consultation and coordination related to EPA responsibilities;

b. Work closely with the participating agencies to identify efficiencies in processing oil and gas authorizations;

c. Assist BLM, as requested, in other components of the oil and gas management program;

d. Continue general coordination and consultation with BLM on oil and gas activities on Federal lands; and

e. Conduct annual coordination reviews with BLM to analyze changing workloads and processes to determine if review or process changes are appropriate to achieve greater efficiency in the processing of oil and gas use authorizations.

3. Delegation of Authority. Authority to act on areas of EPA responsibility related to oil and gas development on Federal lands will be delegated to the lowest appropriate level.

4. Anticipated Resource Needs. Assignment of specific personnel to the BLM Pilot Offices does not appear necessary at this time because a significant portion of EPA's responsibilities related to the Clean Water Act and the Clean Air Act have been authorized to be administered by the respective states.

VI. Measures of Success or Change for the Pilot Program.

A. Success Measures. Measures of success for the Pilot Program include:

1. The streamlining of and increased interagency efficiency in processing APDs and associated agency approvals, including elimination of duplication between Federal and state agencies;

2. The increased ability to more timely process and issue APDs that will withstand administrative and judicial challenge; and

3. Maintenance or enhancement of high standards of safety and environmental protection through an effective oil and gas inspection and enforcement program.

B. Data for Measuring Success. In each Pilot Project Office, the following, at a minimum, will be tracked and measured:

1. The total number of APDs received, processed, and approved;

2. The elapsed time from receipt to approval, including the time required for major APD steps or components;

3. Inspections completed and the time and resources needed for each inspection;

4. The number and percentage of leases found to be in substantial compliance with applicable standards; and

5. Process efficiencies identified and implemented and approximations of time and resources saved by such efficiencies.

C. The information identified in the preceding paragraph will be collected for three years after enactment of the Act and will be compared to the same parameters in each Field Office for the previous three years.

VII. Principal Contacts.

A. U.S. Forest Service.
Director, Minerals and Geology Management
1400 Independence Ave., SW
Washington, DC 20250

B. Department of Interior.

1. Bureau of Land Management.
Assistant Director, Minerals, Realty, and Resource Protection U.S.
Department of the Interior
1849 C Street, NW
Washington, DC 20240

2. U.S. Fish & Wildlife Service.
Assistant Director, Fisheries and Habitat Conservation
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

3. Bureau of Reclamation.
Deputy Commissioner for Operations
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

4. Bureau of Indian Affairs
Regional Director, Navajo Regional Office
Gallup, New Mexico, 87305

5. Minerals Management Service.
Associate Director, Minerals Revenue Management
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

C. Environmental Protection Agency
Director, Office of Federal Activities
1200 Pennsylvania Avenue, NW
Washington, DC 20460

D. U.S. Army Corps of Engineers.
Headquarters
Chief, Regulatory Programs
441 G Street, NW
Washington, DC 20314

VIII. Funding

A. Section 365(g) of the Energy Policy Act of 2005 amends Section 35 of the Mineral Leasing Act (30 U.S.C. 191) by authorizing funding to "…the Secretary of the Interior for expenditure, without further appropriation and without fiscal year limitation, for the coordination and processing of oil and gas use authorizations on onshore Federal land under the jurisdiction of the Pilot Project offices…"

B. Section 365(h) of the Energy Policy Act of 2005 authorizes the Secretary of the Interior to expend or transfer funds as necessary to the identified agencies participating in the Pilot Project.

C. The details of the levels of support to be furnished to the FWS, BIA, Reclamation, USACE, Forest Service, and EPA by the BLM with respect to funding and personnel will be developed in specific Interagency Agreements, contingent on the availability of funding.

IX. Report to Congress. No later than 3 years after the date of enactment of the Act, the Secretary of Interior is required by Section 365(e) of the Act to submit to Congress a report that:

A. Outlines the results of the Pilot Project to date, and

B. Makes a recommendation to the President regarding whether the Pilot Project should be implemented throughout the United States.

X. Duration. The Act mandates the establishment of a Fund for the seven Pilot Project Offices' expenditures through fiscal year 2015. Expansion of the Pilot Project is dependent upon the report to Congress required by Section 365(e) of the Act and the Secretary of the Interior's recommendation and the President's subsequent action on the recommendation.

XI. Modification. If the Parties decide to change the scope of the Pilot Project, this MOU will be revisited and modified as necessary. All Parties potentially affected by a modification must sign the modification for it to be effective.

XII. Meetings. The participating agencies plan to meet on a bi-annual basis to discuss the progress and lessons learned associated with the Pilot Project. Additional coordination meetings or conference calls may be held as needed.

XIII. Dispute Resolution. If a dispute arises under this MOU that is not resolved informally between or among the Parties, then any Party may pursue the following dispute resolution procedure:

A. The Party that seeks resolution will provide a written statement of its dispute, along with any rationale or supporting documents, to the other interested Parties. The Parties will engage in discussions in an attempt to arrive at a consensus and resolve the dispute.

B. If no resolution is reached within thirty (30) calendar days of receipt of the statement of dispute, then the dispute may be elevated to the Parties' respective headquarters-level officials, or their designees. The headquarters-level officials for the Parties will engage in discussions in an attempt to arrive at a consensus. If consensus is not achieved by the headquarters-level officials within thirty (30) calendar days of their receipt of the statement of dispute, the Parties will promptly elevate the matter to the principal policy makers for the respective Parties, who will resolve the matter.

C. The time limits in the preceding paragraph may be extended on the mutual agreement of the Parties to the dispute.

XIV. Supplemental Agreements. Subsequent to the signing of this MOU, additional Federal or state interagency agreements may be required for the purposes of outlining more specific interagency relationships or for transferring funds from the BLM to such state or Federal agencies.

XV. No Private Right of Action and Limited Applicability. This MOU is not intended to, and does not, create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by a person against the United States, its agencies, its officers, or any person. This MOU does not direct or apply to any person outside of the signatory Parties.

ACCORDINGLY, the Parties have signed this Memorandum of Understanding on the dates set forth below, to be effective for all purposes as of the date last signed. The signatures may be executed using counterpart original documents.

Gale A. Norton — OCT 24 2005

SECRETARY OF THE INTERIOR — DATE

OCT 19 2005

SECRETARY OF AGRICULTURE — DATE

OCT 18 2005

ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY — DATE

John Paul Woodley, Jr. — OCT 19 2005

ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS — DATE

APPENDIX 4—PERFORMANCE MEASURES DATA DICTIONARY

This appendix is the data dictionary of the final performance measures that will be used for the Pilot Project. Each table below provides further detail for each measure including the measure name, key performance category, Pilot Project goal, description, attributes, frequency, unit type, data source, and data collector.

Table 1. Section 365 Pilot Project Performance Measures

BLM SECTION 365 PILOT PROJECT—1.1	
Measure Name: Number of well permits requiring interagency consultation	
Key Performance Category: Interagency Collaboration	**Pilot Project Goal:** Increase interagency coordination and cooperation in the processing of permits required to support oil and gas use authorizations on federal lands
Description: Count of number of federal APD well permits that require formal consultations from one or more Pilot Project participating agencies	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, permit type, time period, and environmental analysis document type	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS and CUFF records	**Data Collector:** Pilot office point of contact (POC)

BLM SECTION 365 PILOT PROJECT—1.2	
Measure Name: Elapsed time to complete interagency consultation	
Key Performance Category: Interagency Collaboration	**Pilot Project Goal:** Increase interagency coordination and cooperation in the processing of permits required to support oil and gas use authorizations on federal lands
Description: Average number of days a participating Pilot Project agency takes to complete its consultative review as part of a federal permit application	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, permit type, application for permit to drill (APD) processing stage, and time period	
Frequency: Quarterly	**Unit Type:** Days
Data Source: AFMSS and CUFF records	**Data Collector:** Participating agencies and BLM

BLM SECTION 365 PILOT PROJECT—1.3	
Measure Name: Number of programmatic consultations completed	
Key Performance Category: Interagency Collaboration	**Pilot Project Goal:** Increase interagency coordination and cooperation in the processing of permits required to support oil and gas use authorizations on federal lands
Description: Count of the total number of programmatic consultations completed by each participating Pilot Project agency	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, time period, and environmental analysis document type	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS and CUFF records	**Data Collector:** State Program Lead/Assistant Field Manager

BLM SECTION 365 PILOT PROJECT—1.4	
Measure Name: Number of process improvement ideas implemented	
Key Performance Category: Interagency Collaboration	**Pilot Project Goal:** Increase process streamlining and interagency efficiency, including elimination of duplication between federal and state agencies
Description: Number of process improvement ideas implemented during the Pilot Project period to enhance efficiency of the interagency work	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, and state agency	
Frequency: Quarterly	**Unit Type:** Number
Data Source: CUFF records will be supplemented by data collected manually	**Data Collector:** Assistant Field Manager

BLM SECTION 365 PILOT PROJECT—1.5	
Measure Name: Estimated dollar amount saved by the new processes	
Key Performance Category: Interagency Collaboration	**Pilot Project Goal:** Increase process streamlining and interagency efficiency, including elimination of duplication between federal and state agencies
Description: Measure of the direct and indirect dollar savings in allocated budgetary resources and employee level of effort every 3 months resulting from new or enhanced processes within the Pilot Project participating agencies	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, and state agency	
Frequency: Quarterly	**Unit Type:** Dollars
Data Source: Management Information System (MIS)	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—2.1	
Measure Name: Number of APDs received	
Key Performance Category: Business Process	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of federal APDs received by a pilot office per quarter as reported on APD.22—APD Status Report	
Attributes: Data for this measure will be collected to display performance by field office and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—As reported in APD.22 for federal wells only. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.2	
Measure Name: Number of APDs processed	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of federal APDs processed by a pilot office per quarter as reported on APD.22—APD Status Report. APDs processed can be approved or have other disposition. Final disposition can be approved or otherwise acted upon	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in APD.22 If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.3	
Measure Name: Number of APDs approved	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of federal APDs approved by a pilot office per quarter as reported on APD.22—APD Status Report. APDs processed can be approved or have other disposition	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in APD.22. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.4	
Measure Name: Number of APDs pending	
Pilot Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Total number of federal APDs in a month that are classified as work in progress and/or have not been approved	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in APD.22 If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.5	
Measure Name: Percentage of APDs processed within time standards	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs in a more timely manner
Description: Percentage of federal APDs processed within the BLM APD processing time standard (30 days).	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Percentage
Data Source: AFMSS—BRIO report only	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.6	
Measure Name: Average APD processing time	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs in a more timely manner
Description: Average federal APD processing time from date of receipt of a completed APD until date of final disposition by BLM	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, APD processing stage, and time period	
Frequency: Quarterly	**Unit Type:** Days
Data Source: AFMSS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—2.7	
Measure Name: Number of approved APDs drilled	
Key Performance Category: Business Processes	**Pilot Project Goal:** Improve ability to rapidly respond to demands for oil and gas production on federal lands to support the nation's increased need for energy resources
Description: Number of federal APDs approved by a pilot office that have been drilled per quarter as reported on APD.22—APD Status Report. APDs processed can be either approved or have other disposition	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in APD.22. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.8	
Measure Name: Number of sundry notices received	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of federal sundry notices received by a pilot office per quarter	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—2.9	
Measure Name: Number of sundry notices processed	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of federal sundry notices processed by a pilot office per quarter	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—2.10	
Measure Name: Number of right of way (ROW) applications received by a pilot office per quarter (for oil- and gas-related ROWs)	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of ROW applications received by a pilot office per quarter (for oil- and gas-related ROWs)	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: LR2000 and/or MIS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—2.11	
Measure Name: Number of ROW applications processed	
Key Performance Category: Business Processes	**Pilot Project Goal:** Increase ability to process APDs
Description: Number of ROW applications processed by a pilot office per quarter (for oil- and gas-related ROWs)	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, and time period	
Frequency: Quarterly	**Unit Type:** Number
Data Source: LR2000 and/or MIS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—2.12	
Measure Name: Number of National Environmental Policy Act (NEPA) analyses conducted	
Key Performance Category: Business Processes	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas inspection and enforcement (I&E) program for operations on federal lands
Description: Number of Categorical Exclusions (CXs) conducted every 3 months for NEPA analysis or surface use plans	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, time period, and environmental analysis document type	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS and CUFF records	**Data Collector:** CX state or pilot office POC

BLM SECTION 365 PILOT PROJECT—2.13	
Measure Name: Number of inspections performed	
Key Performance Category: Business Processes	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Number of federal inspections performed by pilot office by quarter as reported in IEP.49 report	
Attributes: Data for this measure will be collected to display performance by field office, inspection type, inspection priority, and violation type	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in IEP.49. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.14	
Measure Name: Percentage of I&E strategy accomplished	
Key Performance Category: Business Processes	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Percentage of I&E federal strategy accomplished. See first page of IEP.49 report, Percent of Planned YTD	
Attributes: Data for this measure will be collected to display performance by field office, inspection type, inspection priority, and violation type	
Frequency: Quarterly	**Unit Type:** Percent
Data Source: AFMSS—as reported in IEP.49. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—2.15	
Measure Name: Amount of under-reported gas and oil production (volume)	
Key Performance Category: Business Processes	**Pilot Project Goal:** Promote responsible stewardship of federal subsurface and surface resources
Description: Volume estimates of under-reported oil or gas produced by operators on federal land through APDs	
Attributes: Data for this measure will be collected to display performance by field office and federal agency	
Frequency: Quarterly	**Unit Type:** Volume of oil (bbls) or thousands of standard cubic feet of natural gas (ccf)
Data Source: AFMSS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—3.1	
Measure Name: Number of outreach meetings conducted	
Pilot Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Improve customer service through a more consistent approach among BLM field offices, and greater certainty in processing time requirements
Description: Count of the number of outreach meetings conducted per Pilot Project office	
Attributes: Data for this measure will be collected to display performance by field office and stakeholder	
Frequency: Quarterly	**Unit Type:** Number
Data Source: CUFF records will be supplemented with manually collected data	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—3.2	
Measure Name: Percentage of permits where pre-planning, pre-permit/pre-application support is conducted with project proponent	
Pilot Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Improve customer service through a more consistent approach among BLM Field Offices, and greater certainty in processing time requirements
Description: Percentage of total federal permits processed where pre-planning support was conducted	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, and state agency	
Frequency: Quarterly	**Unit Type:** Percentage
Data Source: CUFF records will be supplemented with manually collected data	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—3.3	
Measure Name: Number of decision appeals completed	
Key Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Improve customer service through a more consistent approach among BLM Field Offices, and greater certainty in processing time requirements
Description: Count of the number of decision appeals completed per Pilot Project office including state director appeals, Interior Board of Appeals, and federal court cases	
Attributes: Data for this measure will be collected to display performance by field office, inspection type, violation type, and decision appeal type	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS and CUFF records	**Data Collector:** Tony Mayfield, WO-830

BLM SECTION 365 PILOT PROJECT—3.4	
Measure Name: Percentage of leases inspected in substantial compliance with applicable standards	
Key Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Percentage of federal leases inspected in substantial compliance with applicable standards as reported in IEP.13 and IEP.48. Measure is calculated by determining the total number of leases inspected and subtracting the total number of leases with incidents of non-compliance (INCs). The result will be the number of leases not receiving INCs, i.e., leases that are in compliance. This number will be divided by the total number of leases inspected to determine the percentage.	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, and inspection type	
Frequency: Quarterly	**Unit Type:** Percentage
Data Source: CUFF and AFMSS records as reported in IEP.13 and IEP.48. If AFMSS is unavailable, data to be provided by local POC. Requires manual review of data on two reports	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—3.5	
Measure Name: Number of environmental violations	
Key Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Number of federal environmental violations in Pilot Project offices	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, inspection type, inspection priority, violation type, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in IEP.49. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—3.6	
Measure Name: Percentage of environmental violations corrected within statutory timeframes	
Key Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Percentage of federal environmental violations that are corrected within the proscribed time period as stipulated by the violation type. Violations may have 24-hour or 30-, 60-, or 90-day correction time frames. Measure is calculated by determining the total number of violations corrected within their respective time frames and dividing that total by the total number of violations.	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, inspection type, inspection priority, violation type, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Days
Data Source: AFMSS and other	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—3.7	
Measure Name: Number of technical violations	
Pilot Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Number of federal technical violations as reported in IEP.49 and IEP.60	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, inspection type, inspection priority, violation type, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Number
Data Source: AFMSS—as reported in IEP.49 and IEP.60. If AFMSS is unavailable, data to be provided by local POC	**Data Collector:** Paul Brown, WO-310

BLM SECTION 365 PILOT PROJECT—3.8	
Measure Name: Percentage of technical violations corrected within statutory timeframes	
Key Performance Category: Improve Stakeholder Responsiveness	**Pilot Project Goal:** Maintain or enhance high standards of safety and environmental protection through an effective oil and gas I&E program for operations on federal lands
Description: Percentage of federal technical violations that are corrected within the proscribed time period as stipulated by the violation type. Violations may have 24-hour or 30-, 60-, or 90-day correction time frames. Measure is calculated by determining the total number of violations corrected within their respective time frames and dividing that total by the total number of violations.	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, inspection type, inspection priority, violation type, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Days
Data Source: AFMSS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—4.1	
Measure Name: Unit cost ($) per APD	
Key Performance Category: Financial Accountability	**Pilot Project Goal:** Promote responsible stewardship of federal subsurface and surface resources
Description: Average unit cost to process a federal APD	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Dollars
Data Source: MIS	**Data Collector:** Rudy Baier, WO-310

BLM SECTION 365 PILOT PROJECT—4.2	
Measure Name: Unit cost ($) per sundry notice	
Key Performance Category: Financial Accountability	**Pilot Project Goal:** Promote responsible stewardship of federal subsurface and surface resources
Description: Average unit cost to process a federal sundry notice	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Dollars
Data Source: MIS	**Data Collector:** Rudy Baier, WO-310

BLM SECTION 365 PILOT PROJECT—4.3	
Measure Name: Unit cost ($) per ROW	
Key Performance Category: Financial Accountability	**Pilot Project Goal:** Promote responsible stewardship of federal subsurface and surface resources
Description: Average unit cost to process a ROW (for oil and gas related ROWs)	
Attributes: Data for this measure will be collected to display performance by field office, federal agency, state agency, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Dollars
Data Source: MIS	**Data Collector:** Pilot office POC

BLM SECTION 365 PILOT PROJECT—4.4	
Measure Name: Unit cost ($) per inspection	
Key Performance Category: Financial Accountability	**Pilot Project Goal:** Promote responsible stewardship of federal subsurface and surface resources
Description: Average unit cost to conduct a federal inspection	
Attributes: Data for this measure will be collected to display performance by field office, time period, and cost category	
Frequency: Quarterly	**Unit Type:** Dollars
Data Source: MIS	**Data Collector:** Rudy Baier, WO-310

APPENDIX 5—PERFORMANCE MEASURES ATTRIBUTE MATRIX

The measures attribute matrix identifies, for each performance measure, the most critical data views and performance data drill-downs for the purpose of analyzing and reporting on the Pilot Project's results. For example, performance measure 1.1, number of well permits requiring interagency consultation, is measured by field office, federal agency, state agency, permit type, time period, and environmental analysis document type.

Figure 1. BLM Section 365 Pilot Performance Measures Attribute Matrix

Section 365 Federal Permit Streamlining Pilot - Performance Measures Drill-Down Attributes															
		MEASURE ATTRIBUTES													
PERFORMANCE CATEGORY	PERFORMANCE MEASURE	By Field Office	By Federal Agency	By State Agency	By Permit Type	by Inspection Type	By Inspection Priority	By Violation Type	By APD Processing Stage	By Time Period (30, 60, 90 days, etc.)	By Cost Categories	By Decision Appeal Type	By Stakeholder	By Enviro Analysis Doc Type
1.0 Interagency Collaboration	1.1 Number of well permits requiring interagency consultation	X	X	X	X					X				X
	1.2 Elapsed time to complete the consultation	X	X	X	X				X	X				
	1.3 Number of programmatic consultations completed	X	X	X						X				X
	1.4 Number of process improvement ideas implemented	X	X	X										
	1.5 Estimated dollar amount saved by the new processes	X	X	X										
2.0 Business Processes	2.1 Number of APDs received	X								X				
	2.2 Number of APDs processed	X	X	X						X				
	2.3 Number of APDs approved	X	X	X						X				
	2.4 Number of APDs pending	X	X	X						X				
	2.5 Percentage of APDs processed within time standards	X	X	X						X				
	2.6 Average APD processing time	X	X						X	X				
	2.7 Number of approved APDs drilled	X	X	X						X				
	2.8 Number of Sundry notices received	X	X	X						X				
	2.9 Number of Sundry Notices processed	X	X	X						X				
	2.10 Number of ROW applications received	X	X	X						X				
	2.11 Number of ROW applications processed	X	X	X						X				
	2.12 Number of NEPA analyses conducted	X	X							X				X
	2.13 Number of inspections performed	X				X	X	X						
	2.14 Percentage of I&E strategy accomplished	X				X	X	X						
	2.15 Amount of under-reported gas/oil production (volume)	X	X											

Figure 2. BLM Section 365 Pilot Performance Measures Attribute Matrix (cont'd)

Section 365 Federal Permit Streamlining Pilot - Performance Measures Drill-Down Attributes															
		MEASURE ATTRIBUTES													
PERFORMANCE CATEGORY	PERFORMANCE MEASURE	By Field Office	By Federal Agency	By State Agency	By Permit Type	by Inspection Type	By Inspection Priority	By Violation Type	By APD Processing Stage	By Time Period (30, 60, 90 days, etc.)	By Cost Categories	By Decision Appeal Type	By Stakeholder	By Enviro Analysis Doc Type
3.0 Improve Stakeholder Responsiveness	3.1 Number of outreach meetings conducted	X											X	
	3.2 Percentage of permits where pre-planning, pre-permit / pre-application support is conducted with project proponent	X	X	X										
	3.3 Number of Decision Appeals Completed	X				X		X				X		
	3.4 Percentage of leases inspected in substantial compliance with applicable standards	X	X			X								
	3.5 Number of environmental violations	X	X			X	X	X		X				
	3.6 Percentage of environmental violations corrected within statutory timeframes	X	X			X	X	X		X				
	3.7 Number of technical violations	X	X			X	X	X		X				
	3.8 Percentage of technical violations corrected within statutory timeframes	X	X			X	X	X		X				
4.0 Financial Accountability	4.1 Unit cost ($) per APD	X	X	X						X	X			
	4.2 Unit cost ($) per Sundry Notice	X	X	X						X	X			
	4.3 Unit cost ($) per ROW	X	X	X						X	X			
	4.4 Unit cost ($) per Inspection	X								X	X			

APPENDIX 6—PERFORMANCE MEASURES ATTRIBUTE DEFINITIONS

This appendix defines the attributes for each performance measure contained in Appendix 4, the data dictionary (specifically the *Attribute* field). Also, in Appendix 5, the vertical column fields labeled *Measure Attributes* are defined in Table 1 below. The attributes are the most critical data views and performance data drill-downs for analyzing and reporting on the Pilot Project's results.

Table 1. BLM Section 365 Pilot Performance Measures Attribute Definitions

MEASURE ATTRIBUTE	DEFINITION
Field Office	Performance measures data will be depicted by the seven Pilot Project offices: Buffalo, Miles City, Vernal, Glenwood Springs, Rawlins, Farmington, and Carlsbad (Note: Glenwood Springs AFMSS data is integrated within the Grand Junction AFMSS database)
Federal Agency	Performance measures data will be depicted by the federal agencies participating in the Pilot Project: U.S. Forest Service, U.S. Fish and Wildlife Service, U.S. Army Corps of Engineers, Bureau of Reclamation, Bureau of Indian Affairs, and Environmental Protection Agency
State Agency	Performance measures data will be depicted by the different state agencies involved in the permit approval process such as the State Historic Preservation Office (SHPO), Oil and Gas Commissions, Game and/or Fish and Wildlife departments for Colorado, Montana, New Mexico, Utah, and Wyoming.
Permit Type	Performance measures data will be depicted by a gross or total count of all permit types transacted for a well or facility (applications for permit to drill [APDs], sundry notices, and oil and gas rights of way [ROWs])
Inspection Type	Performance measures data will be depicted by the different types of inspections, including inspections at a detailed and general level for production, well or facility surface, drilling, abandonment, undesirable events
Inspection Priority	Performance measures data will be depicted by the different inspection priorities, determined by: W [Federal Oil and Gas Royalty Management Act (FOGRMA) High and Surface/ Environmental/Other High], X (FOGRMA High and Surface/Environmental/Other Low), Y (FOGRMA Low and Surface/Environmental/ Other High), and Z (FOGRMA Low and Surface/Environmental/Other Low)
Violation Type	Performance measures data will be depicted by the different types of violations caused by incidents of non-compliance found during inspection. Violation types include FOGRMA, non-FOGRMA, and environmental violations
APD Processing Stage	Performance measures data will be depicted by the particular processing stage of the APD, including (1) receipt and initial field office review of the administrative completeness of the APD package (2) BLM reviews (engineering, geologic, surface and adjudicative reviews) (3) Other consultation reviews as applicable (includes non-BLM reviews, if needed) (4) Final APD review and approval by BLM
Time Period	Performance measures data will be depicted by 30, 60, 90, 120, and < 120 days
Cost Categories	Performance measures data will be depicted by dollars spent against key program elements as well as labor, operations, and other expenditures
Decision Appeal Type	Performance measures data will be depicted by the type of appeal made by an operator on a decision filed initially with BLM (State Director review), decision appeals filed through the Interior Board of Land Appeals, and finally to federal court
Stakeholder	Performance measures data will be depicted by the different sets of stakeholders, including industry agencies, non-governmental organizations (NGOs), and general public
Environmental Analysis Document Type	Performance measures data will be depicted by different types of NEPA documents, including Environmental Assessment (EA), Environmental Impact Statement (EIS), Categorical Exclusion (CX), Administrative Determination (AD) and Documentation of NEPA Adequacy (DNA)

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Last Page